DOCUMENT RESUME

ED 118 757 CE 006 247

TITLE	Personal Finance Education Guide.
INSTITUTION	Oregon State Board of Education, Salem.
PUB DATE	72
NOTE	84p.
EDRS PRICE	MF-$0.83 HC-$4.67 Plus Postage
DESCRIPTORS	Business Responsibility; *Consumer Economics; *Consumer Education; Consumer Protection; Course Content; Credit (Finance); *Curriculum Guides; Educational Objectives; Employment; Evaluation Methods; Income; *Learning Activities; Money Management; Purchasing

ABSTRACT

The guide was developed to aid teachers in planning and developing programs in personal finance education which will prepare students to function as intelligent consumers. Three case studies illustrating common consumer problems are followed by the body of the guide, focusing on five major topics and incorporating economic, social, and physical factors needed for developing consumer skills. Employment and Income covers employment opportunities, obtaining a job, meeting responsibilites for job success, financial security and employment, employment organizations, and employment laws (Federal and State). Money Management includes financial planning, banking and record keeping, savings, investments, insurance, and legal documents. Credit discusses availability of credit, using credit, sources of credit, kinds of credit, credit costs, consumer credit laws, credit records, and solving credit problems. Purchase of Goods and Services includes factors affecting consumer purchases, the role of advertising, guidelines for shoppers, and retail outlets and services. Rights and Responsibilities in the Marketplace covers the role of the consumer in the economy, rights and responsibilites of consumers and sellers, fraudulent and deceptive practices, sources of consumer assistance, and consumer legislation. For each subtopic program goals, performance indicators, suggested evaluation techniques, taxonomy (program content), and suggested learning experiences are provided. A bibliography is included. (EC)

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ED118757

Finance

personal finance education guide

State Department of Education
Dale Parnell
Superintendent of Public Instruction

OREGON BOARD OF EDUCATION
942 LANCASTER DRIVE, NE.
SALEM, OREGON 97310

Funds for Printing Provided By
Oregon Credit Union League
and its 263 Affiliated Credit Unions
212 SE 18th Avenue, Portland, Oregon 97214

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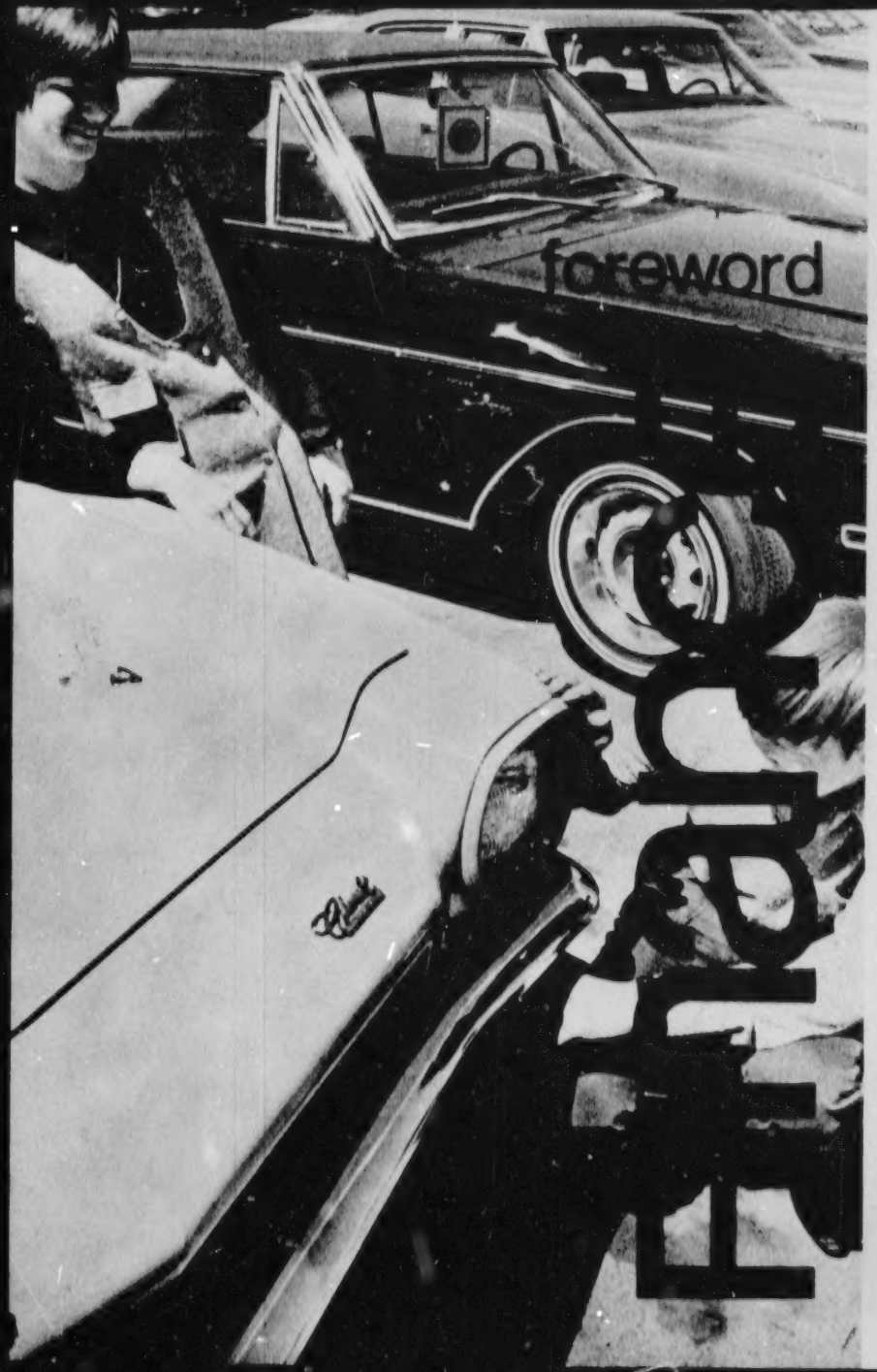

Informed and personally satisfying use of income is an essential component of successful performance in all other life roles—personal, social and vocational. Therefore, learning about personal finance will fill an imperative need of all young people, and is an important responsibility of our public schools.

Most schools have long included some instruction in wise money management. The problem is to assure the systematic inclusion of personal finance concepts in all school programs for all students. If this critical need is to be met, all students must achieve certain competency expectations in personal finance education prior to high school graduation. Although many approaches may lead to the accomplishment of this goal, inclusion of a required one-credit course, with identified minimum competency expectations, would provide the best assurance of success.

Planners should recognize that all subject areas can make unique contributions to the planning and implementation of programs within schools. The subject of personal finance relates directly to social studies, business, home economics, and mathematics, to name a few. Other subject areas should become involved; for example, music, art, and physical education programs can provide learning experiences which will enable students to meet future needs for leisure time activities with adequate financial planning.

This guide should help districts to develop systematic programs for personal finance instruction. Program goals, performance indicators, suggested learning experiences and evaluation techniques have been closely correlated with the taxonomy, or program content. In addition, performance indicators considered as minimum requirements for high school graduation are printed in italics. Determination of these requirements was made by consensus of teams of teachers, students, parents, and the business community involved in pilot test programs in eleven schools during the 1971-72 school year.

Although this guide is not a comprehensive course outline, it does include the basic components for planning and coordination. Extensive use of community resources and local advisory committees is advised because students need exposure to actual consumer problems through community involvement.

Many members of the Oregon business community and many Oregon schools and educators worked with Mrs. Marian Kienzle and Miss Pauline Goodwin of the State Department of Education to develop the *Personal Finance Curriculum Guide*. Their willingness to contribute both expertise and publication funds is an indication of a growing public concern about consumer education.

Dale Parnell
Superintendent
Public Instruction

Grateful recognition is given to the Personal Finance Advisory Committee members who, since 1969, have provided leadership and inspiration for the development and revision of this guide. Members include:

Richard Boettcher, Chairman, School Employees of Lane County Credit Union, Eugene

Alberta Johnston, Family Finance Specialist, Oregon State University Extension Service, Corvallis

Bob Keady, Assistant Superintendent, Roseburg School District, Roseburg

Hugh Lovell, Department of Economics, Portland State University, Portland

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William T. McLean, Social Studies Department, Marshfield Senior High School, Coos Bay

John Pazlar, Oregon Business Education Association, Portland

Loy Prickett, formerly Business Division, Southern Oregon College, Ashland

Garland Read, Realtor, Salem

During the initial stages of curriculum development, the Personal Finance Advisory Committee was assisted by two high school students; Neal Werner, a junior from Roseburg High School, and Don Douglas, a senior from Wilson High School in Portland. Miss Colleen Rodasky, a graduate student at Oregon State University, was employed during the summer of 1970 to research content, and Mrs. Sandra Mitchell, a secondary teacher, edited the guide during the following year. Miss Pauline Goodwin, Consumer and Homemaking Specialist, and Jesse Kauffman, Business Education Specialist, both representatives of the State Department of Education, coordinated efforts and worked with the Personal Finance Committee during the developmental period.

Special recognition is also given to the 11 schools, 86 teachers and administrators, and 6,227 students who participated in field testing this document during the 1971-72 school year. Final suggestions for revision were given by representatives of these 11 schools and further refinement and final editing assistance was provided by Mrs. Annette Jacobson, homemaking teacher and director of the Grants Pass Consumer Education Project, under the direction of Marian Kienzle, Consumer and Personal Finance Specialist, State Department of Education.

Of more importance, however, was the total commitment of business and community. The significant contributions of numerous public, private, and governmental agencies and organizations, as well as individual members of the business world, have provided insight into and understanding of education's role in the preparation of young people for their responsibilities as consumers. Special acknowledgments are made to the Oregon Credit Union League, who printed this guide, to Dick Boettcher, chairman of the Personal Finance Advisory Committee, and to Mrs. Evelyn Gunter, Curriculum Publications Specialist, State Department of Education, and James Carney, Assistant Attorney General, Consumer Protection Division, Department of Justice.

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This guide has been developed to help teachers plan programs which meet both individual and common needs of all students in personal finance education. It defines the skills and knowledge necessary to function as an intelligent consumer in our complex and rapidly changing economic order.

Teachers should consider those performance indicators printed in italics as necessary achievements for all students. Community involvement through advisory committees should lead to continuous reassessment of these needs, however. As a total K through 12 program evolves, teachers at the secondary level will probably wish to expand performance requirements in order to keep step with social, technological, and political change.

The guide has been developed around five basic concepts. Comprehensive data on purchasing specific goods and services is deliberately excluded because such materials become quickly outdated. Instead, an effort has been made to correlate the economic, social, and physical factors crucial to development of consumer skills, knowledges and attitudes.

Maximum usefulness of this guide hinges upon a thorough understanding of the organization of the content and coding system. Some logical steps suggested to teachers are:

- Preview the introductory section.
- Scan the entire taxonomy to grasp the content scope.
- Review content outline. Duplication has been minimized through cross-referencing.
- Review performance indicators to understand graduation competency expectations.
- Use the coding system to relate content, performance indicators, and program goals.

An illustration and explanation of the coding system follows:

CONCEPT: 1. EMPLOYMENT AND INCOME
Subconcept: 1.1 Employment Opportunities

Program Goals	Performance Indicators	Suggested Evaluation Techniques	Taxonomy (Program Content)	Suggested Activities
1.11 Know sources of, etc.	1.111 List a minimum of, etc. 1.112	(not coded)	1.111 Information needed, etc. 1.112	(not coded)

1. Identifies the order of **concepts**—the major ideas.

1.1 Identifies the order of **subconcepts**.

1.11 Identifies the order of **program goals**—what every high school graduate should know.

(continued)

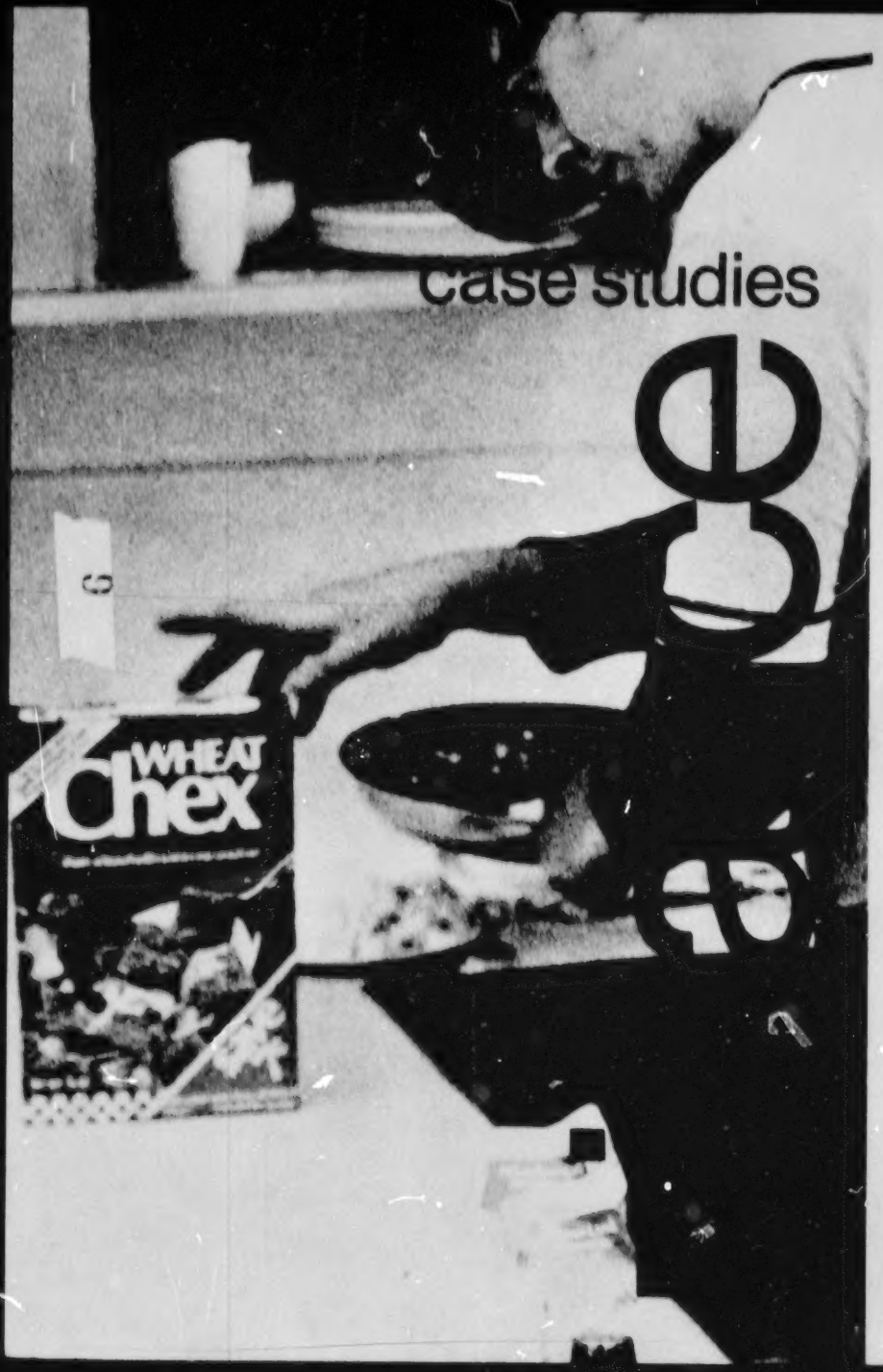
1.111 Identifies the order of **performance indicators**—ways to determine whether students have achieved program goals.

Teachers will want to develop additional learning experiences and use many current resources to provide meaningful implementation of personal finance education in the classroom. Suggested evaluation techniques are primarily objective in nature to allow future development of a testing instrument for minimum high school requirements. Teachers are encouraged to develop their own evaluation instruments for classroom activities.

In order to provide meaningful instruction for students, teachers are encouraged to:

- Assure the breadth of the program by involving staff in a multi-disciplinary approach to planning and/or teaching whenever possible.
- Provide for community involvement, including businessmen, parents, and students.
- Base much classroom learning on current issues and the exploratory approach.
- Use texts, films, and other resources as tools of instruction rather than as ends in themselves.
- Use resource persons whenever possible to provide additional expertise and information in critical areas of study.
- Plan for continuous student participation in and evaluation of the course.
- Establish a system for keeping up to date on current issues and legislation.

Teachers involved in pilot testing this guide have indicated that the use of case studies is particularly effective. For this reason, three case studies have been included. These studies are designed to help teachers and students focus upon and find solutions to consumer problems. Because the facts are real (although the names fictitious), they are relevant to today's youth. Teachers are encouraged to use them and to develop others out of the experiences of their own students.



CASE STUDY NO. 1
THE FIRE ALARM BURN

Mary Jones received a card in the mail from her friend, Sally Clark. The card was printed, except for Sally's signature. It said that Sally had seen an exciting fire prevention program and would like Mary to have the same opportunity. If Mary would look at the program, the company would give her $5. A short time later, Mary received a phone call and was asked whether she had received the card from Sally. She was told that a company representative would deliver the promised $5 check that evening at six o'clock. He would also give the family a few pointers on fire safety.

At six o'clock that evening Mary and her husband, Joe, allowed the salesman to come into their home. The salesman first talked about necessary fire safety precautions for every home and how it is impossible to make any home fireproof. While he talked he showed illustration after illustration of charred bodies and other frightening and gory pictures. He even showed a movie of fires occurring in the home. Joe and Mary were thoroughly frightened.

He then disclosed that he was selling fire alarms that would give the family enough warning to escape. He explained that if Mary and Joe were to put a sprinkler system in their home, it would cost $20,000. If they built a permanent electrical warning system, it would cost $5,000. The portable, self-contained fire alarms that he was selling cost only $400.

In addition, he had a special offer for them. Mary and Joe might be able to get the fire alarms for no money, and might even make money, if they would give the salesman the names of friends who might also be interested in making $5 for watching a demonstration. If their friends would allow a demonstration in their homes he would pay Mary and Joe $10. Thus, if 40 of Mary and Joe's friends consented to demonstrations, Mary and Joe would make $400 and receive their fire alarm without cost. If more than 40 of their friends allowed demonstrations, they could even make money.

In the meantime, the salesman continued, he wanted more information. If Mary and Joe would please give him some credit information for his application form, and sign at the bottom, guaranteeing that payments of $20 a month would be made, they would have this matter settled. Then the salesman handed them a second sheet. At the top was the word "Receipt." The salesman said, "My boss wants to know that I am working, so I ask that you sign this receipt form showing that I have been here tonight and have demonstrated the fire equipment." The form, besides saying **read carefully**, also stated that no representations were made to Mary and Joe that the fire alarms were **free**.

Mary and Joe did not read the contract or the receipt, partly because they were excited about getting the fire alarm for no money, and partly because the salesman, not in words but in manner, indicated that if they read the contract, they were suspicious of him and it was not important anyway. The salesman immediately put up the fire alarms and admonished Mary and Joe to get right to work finding names for

the company to use.

The next day Mary and Joe turned in 30 names to the company. They waited and waited but the company sent them no checks totaling $300. They called up their friends to find out what had happened. Suddenly, it dawned on them that most of their friends had already been contacted by the salesman, had not been interested in having the demonstration, or, strangely, had not qualified as persons for whom demonstrations could be given.

Mary and Joe finally read their receipt form. It stated that in order to qualify for a demonstration, a person must be between 21 and 65 years of age, live within the territory covered by the salesman, and have a credit rating satisfactory to the salesman. The receipt form further stated that if the salesman made a good effort, the fact that he was unable to get around to see everyone could not be held against him. In any event, the payments of $20 a month for 24 months were guaranteed, whether or not a demonstration had been given. To top things off, Mary and Joe discovered that a similar fire alarm, stocked by a local department store, sold for $150.

In disgust, Mary called the salesman and, claiming that he had misrepresented the program, asked him to come and take back the fire alarm. The salesman's answer was, "I'm sorry, it's too late, I've already sold your contract to a finance company." Mary called the finance company and said she did not intend to make any more payments and would return the fire alarm because the salesman had not explained the program correctly to her. She was told, "We are not responsible for the representations that the fire alarm company made to you. If you do not pay, we will have to take you to court."

QUESTIONS

Reviewing what happened:

- What techniques were used to gain entrance to the Jones' home?
- Was the salesman looking for fire-hazards or uninformed buyers?
- What techniques did the salesman use to convince the Jones' that they needed the fire prevention system?
- What techniques did the salesman use to imply that his product was a good buy and needed?
- Why did the Jones' sign the contract and receipt without reading them?
- Were there any intentional misrepresentations by the salesman? If so, what were they?
- How many names did Mary and Joe give the company? How much money rebate did they anticipate?
- What was the cash price of the fire alarm system? What was the total cost? What was the annual percentage rate charged?
- Did the finance company accept responsibility for the Jones' dissatisfaction?

Discussing the implications:

- Why were the salesman's techniques and explanations so effective?
- How is it possible to investigate companies that send salesmen to your home?
- Are there many people who become involved in this type of door-to-door sales contract? Why?
- Were Mary and Joe victimized by their ignorance or by the deceptions of the salesman?
- What techniques indicated a fraudulent or deceptive transaction?
- Is ignorance on the part of the buyer ever a reasonable excuse for signing a contract?
- How much should you rely on personal friends' advice when entering into a business agreement?
- Were any provisions of the Oregon Consumer Protection Act of 1971 violated? If so, which?
- What recourse would Mary and Joe have in this instance?
- Is the finance company actually responsible for this transaction? If so, to what degree and under which provision of law?
- What legal implications would refusal to pay have had for the Jones'? Is refusing to pay ever a wise technique to use in cases involving dissatisfaction? Why?
- Were there any violations of the Truth-in-Lending Act? If so, what were they?

CASE STUDY NO. 2
FOOD FOR THOUGHT

Mrs. Alice Brown, with her husband and three children, came to the Consumer Credit Counseling Service about a year ago. She seemed sincere in her statement that she had really been trying to make her money stretch, and at first it appeared she was doing a good job. Then we started to talk about the grocery items in her budget.

When I asked her how much she spent for groceries, she replied that it was around $250 a month. I felt this was impossible for a family of four until she produced the receipts from the neighborhood grocer totaling $253 for the previous month.

As I talked with her further, I found they were running to the store to buy each meal and were purchasing primarily precooked and prepackaged items. I asked her why she didn't prepare food herself and she informed me that she didn't know how. Neither her mother nor her home economics teacher had reached her. She knew nothing about menu planning or cooking. Her parents had always lived on prepared foods. I asked her if her folks had credit problems, and she said that she could never recall a time when bill collectors were not calling on the

phone or knocking on the door.

We helped her plan a menu for each meal for one week. We asked her to go to the same store and purchase only those items necessary for these meals and not to enter the store again for an entire week.

At the end of the week she called and said she had lived on one-half of her previous expenditure. I told her that I thought she could do better than that and suggested she secure assistance on menu planning and recipes. At the end of the second week she had cut food costs by two-thirds. After one year she was averaging $100 a month for groceries.

As a sequel to this story, the counseling service assisted two of her sisters and her parents. Her mother indicated that after her daughter received counseling she put her parents on a budget and taught her mother to plan menus and to cook and shop for food.

As a result of orderly liquidation of indebtedness under the guidance of the counseling service, the parents have, for the first time in their lives, gone for six months without being called or harrassed by collectors.

QUESTIONS

Reviewing what happened:

- What agency was used by the Brown family to help resolve its debtor problems?
- What factors contributed to Mrs. Brown's problems with managing the budget?
- In what ways did the counseling service help the family's financial plight?
- What shopping techniques and type of purchases contributed to the family's problems with the food budget?

Discussing the implications:

- What factors contributed to the high expenditure for food for the Brown's? Are there implications for other family expenditures?
- What forces prevent a family from preparing and adhering to a budget?
- What other skills in managing a home may affect the monetary expenditures of the family?
- In what way may lack of education contribute to the economic problems of a family or individual?
- What are some of the sources of help for housewives needing further education in home management skills?
- Is the Consumer Credit Counseling Service primarily organized to assist families with food budget problems? If not, what other services does it provide?
- Is the counseling service used by the Browns' a nonprofit or a commercial organization?
- Who sponsors and supports the Consumer Credit Counseling Agency? Why? What implications might this have on debtor problems?

CASE STUDY NO. 3
TAKEN FOR A RIDE

Tom Brewster, a recent high school graduate, found a job hauling a rig for the local factory in Ridgeview. He loved cars and had his eye on a new Crusader. Tom had a car that was old, but got him around. He knew his car was worth between $200 and $500 and new Crusaders were priced at about $2,500.

Tom had bought his old car from his mother's brother and had never shopped for a car through a dealer. He had heard from friends that "you have to con the dealers before they con you." Tom didn't know how much it cost to borrow money. He did know that he wanted that Crusader, but wasn't likely to get it on his $500 salary.

One day we walked into the car dealership to look around. A young-looking salesman approached him and asked if he would like to take the Crusader for a drive. Tom jumped at the chance for an around-the-block run. It was the most exciting moment of his life. Even his father didn't have such a fine car.

When the salesman said, "Wouldn't you like to drive it off the lot tonight?," Tom did not want to create the impression that he had wasted the salesman's time, so he said that if he could get $1,000 for his old car and pay $2,000 for the Crusader, he could work out payments for the $1,000 difference. The salesman, knowing that the old car couldn't be sold at that price said, "Fine, we'll visit the boss, and see what he says."

Tom was led to a little office in the back of the showroom. "Now, Tom," said the salesman, "if you are going to trade in your old car, you'd better give the keys to me so that I can have our used car manager drive it around the block and see what kind of shape it's in." Tom gave the keys to the salesman and soon learned that he would not see his keys again until all the papers were signed. Then the salesman said, "In order to make this deal, you will have to put down a small deposit." Tom was a little hesitant, but the salesman reassured him. "Now, no matter what price you pay, it will cost $12 for license and title transfer, so if you will give me a check for that amount, that's all we need. But, Tom, we'd better put this all down in writing so we'll know what the terms are. Just sign here."

Tom signed a sheet of paper which stated that he agreed to pay $2,000 for the Crusader and to accept a $1,000 trade-in for his car. No mention was made of monthly payments. Tom feared he was in the deal too deep to pull out. The salesman left the room with Tom's keys and the signed papers, returning promptly with Mr. Jones, who introduced himself as the assistant manager.

"Now, Tom, you don't really believe that we can afford to give away

this Crusader, do you," he asked. At this moment, Tom should have realized that he couldn't make the deal that he had suggested, but after driving the car around the block he was hooked. "Tom," the manager continued, "you've got a nice car there, but it's not worth $1,000. We sold one the other day for $200. We'd like to give you more, but we're giving you such a good deal on the price of the Crusader, that we can't afford to give you anything but a fair price for your car."

The manager took out a new piece of paper and wrote, "$200 trade-in." He then asked Tom how he intended to pay for the car. This was the first time that Tom had ever given this matter any real thought, so he merely asked, "How much a month will it be?" The salesman said, "Well, it will cost you $100 a month for 30 months." "I can't afford that," Tom said. "Well, I'm sorry, but that's the way it appears it's going to be," said the sales manager.

Tom didn't get up and walk out of the room, because he really wanted to own that car. Besides they had his car keys and he had signed for the car. The manager then remarked, "On second thought, your old car might be worth a little more. Perhaps we could lower the payment to $90 for 36 months." This still sounded high to Tom, but was better than $100 a month that had been suggested first.
"Of course," said the sales manager, "you'll need to buy insurance to cover this contract. That will be another $160. Finally, we'll need another $300 as down payment, including your trade-in." Tom said, "But I don't have any money reserved." The sales manager said, "Don't worry about that, we'll get you a loan to cover it. We'll just put it down on this contract as $300 to be paid in a week, and we'll straighten it out later."

All the figures were confusing to Tom, but now he had his Crusader. He figured if he really pinched, he could afford $90 a month. The sales manager, holding up the key to the Crusader, said "Here you are, Tom, enjoy yourself. Come back tomorrow and we'll work out the extra $300."

Tom returned the next day and the salesman who had first met him said, "Tom, you and I need to meet some people. Let's get in my car and I'll drive you over to see them." They drove to the Ridgeview Loan Company. The man at the counter greeted the salesman and said, "Is this the young man that wants to borrow the $300? We can loan the $300 for 30 months at only $20 a month."

Now Tom realized that the $300 would have to be paid back on a monthly basis, too. He watched the man fill out the loan form and put down the interest rate. The interest charge was to be 36 percent plus other administrative costs. Tom couldn't believe it. Not only did he have payments of $90 a month for 36 months, but he also had payments of $20 a month for 30 months. He didn't know how he could afford $110 a month and was mad at the high interest rate he was being charged. He told the salesman, "This is too much, I can't afford this car, I want to give it back." The salesman replied, "Brewster, you took that car last night and now it's depreciated in value. Remember the contract you signed? It said you were responsible for getting financing. If you failed, you would forfeit your old car and your down payment. It's too late, Mr. Brewster. The best we can do is give you an allowance of $1,500 for the Crusader, and we will also keep your old car. In addition, you will have to pay us another $1,100."

Tom couldn't believe what he was hearing. He had traded in his old car for $200. In addition he had financed the additional down payment of $300, at a total cost of $600, and had paid $2,000 for the car. He was faced with losing $1,100 plus his old car when he had intended to get $1,000 for his old car and pay $2,000 for the Crusader.

QUESTIONS

Reviewing what happened:

- What information did Tom have before purchasing the Crusader?
- What techniques did the car company use to get Tom to sign the contract?
- What other techniques were used to get Tom to buy the car?
- What did Tom think the car would cost when he first signed the contract?
- How much trade-in did Tom actually get for his car?
- What additional down payment did Tom have to pay?
- What was the cash price of the Crusader?
- Considering the trade-in allowance, additional down payment costs, and price of the car, what was the cost to Tom if he returned the Crusader and received $1,100?
- What would the total cost be if Tom completed the transaction under the present financial arrangements?

Discussing the implications:

- What factors brought about Tom's problems with the purchase of the car? Would any of these factors apply to other purchases?
- How does status or appeal affect the amount you are willing to pay for an item?
- Should a person be concerned about the amount of the monthly payments? Why?
- What can a person do to avoid letting desires get in the way of rational decisions?
- Should some selling techniques be more closely regulated? If so, which ones?
- Why doesn't a buyer read a contract before signing?
- How does a person determine if he is paying a fair price for a new car?
- Were any illegal sales techniques used? If so, what were they?
- Would the finance company be legally responsible for the transaction? If so, under what provision of law?

concept 1

employment
and income

concept 1

employment and income

program goals	performance indicators	suggested evaluation techniques
1.1 Employment Opportunities		
1.11 Every high school graduate will know where to find information about job opportunities.	**1.111** *List a minimum of five sources which provide information about job opportunities in a chosen career area.*	Short answer question
1.12 Every high school graduate will recognize several satisfying career choices from a wide range of possibilities.	**1.121** Distinguish levels of training and experience needed for at least three career choices of particular interest.	Research paper Summary sheet
	1.122 *Select at least two potentially satisfying careers by relating interests, skills and abilities to job requirements.*	Self-analysis form

concept 1

taxonomy (Program Content)

1.111 Sources of information about job opportunities:

- *Occupational Outlook Handbook*
- Current articles about occupational trends
- Private and public agencies
  - State employment offices
  - Public employment agencies
  - Youth employment services
  - Youth corp agencies
  - Civil service agencies
  - Apprenticeship boards
  - Private and public personnel agencies
- Other
  - Newspaper want ads
  - School counselors
  - Community businesses
  - Yellow pages of telephone book

1.121 Sources of information about job requirements:

- *Dictionary of Occupational Titles*
- *Your Future Occupation*
- Career cluster guides
- Interviews with employers and employees

1.122 Factors affecting career selection:

- Interests
- Skills and abilities
- Present and future goals
- Job requirements
- Employment opportunities

suggested learning experiences

Ask resource people to discuss job opportunities and the services of organizations such as:

- State Employment Office
- Private employment agencies
- Youth Opportunity Center

Have students discuss other ways jobs can be found.

Divide class into groups to set up employment agencies. Have each group choose three or more occupations and compile information on:

- Potential earning power
- Competencies required
- Anticipated working conditions
- Job locations

(At least one of the occupations studied should be represented by a businessman visiting class at a later session)

Research might include:

- Interviews with students who have jobs
- *The Dictionary of Occupational Titles*
- Surveys of the variety of occupations held by families and friends
- Job observation

Have students use information from self-appraisal tests to determine their individual potentials for succeeding in various types of occupations.

concept 1

employment and income

1.2 Obtaining a Job

program goals

1.21 Every high school graduate will be able to demonstrate correct use of job application procedures.

1.22 Every high school graduate will recognize personal factors that influence his employability and income expectations.

performance indicators

1.211 *Demonstrate ability to fill out an application form.*

Demonstrate ability to write a letter of application.

Prepare a résumé.

Distinguish the difference between a recommendation and a reference.

1.221 *Point out factors that influence the success or failure of a job interview.*

Demonstrate appropriate grooming practices and dress standards for various types of job interviews.

1.222 Evaluate his salable skills, talents, and experiences.

suggested evaluation techniques

Application form
Objective question

Letter of application
Objective question

Résumé form
Objective question
Objective question

Objective question

Score card
Objective question

Rating scale

concept 17

taxonomy (Program Content)

1.211 Procedures in applying for a job:
- Preparing personal data sheet (résumé)
- Writing letters of application
- Obtaining recommendations
- Obtaining references
- Filling out application forms
- Taking tests
- Obtaining social security numbers and work permits (1.61)

1.221 Important factors in a personal interview:
- Punctuality
- Courtesy
- Good grammar
- Perseverance
- Self-confidence
- Enthusiasm
- Proper attitude
- Poise
- Knowledge of employer and his business
- Appropriate dress and grooming
- Alert, intelligent responses

1.222 Factors influencing employability:
- Personal characteristics
  - Mental and physical health
  - Grooming and personal cleanliness
  - Appropriate dress standards
- Salable skills, talents, and experiences
  - School courses, grades, and attendance
  - Hobbies
  - Skills
  - Summer and part-time job experiences
  - Sports and extracurricular activities
- Other
  - Credit ratings (3.7)
  - Record of civil actions

suggested learning experiences

Ask a panel of local businessmen to discuss:
- Application forms
- Résumés and letters of application
- Dress requirements
- Interview and testing procedures

Set up various kinds of "employment agencies" and have students role play job applicants with varying qualifications. After the mock interviews, have classmates decide who should get a job. Compare class choices with visitors' choices. Discuss factors important in the interview.

Expose students to various kinds of employment testing and demonstrate methods of organizing information for quick recall. Let students practice taking tests under simulated conditions.

concept 1

employment and income

	program goals	performance indicators	suggested evaluation techniques
1.3 Meeting Responsibilities For Job Success	**1.31 Every high school graduate will recognize that the character, attitudes, and responsibilities of both employer and employee are as important to job success as skills and abilities.**	**1.311** *Identify responsibilities of the employee to his employer and fellow workers.*	Objective question
		Show healthy attitudes toward work situations.	Rating scale
		1.312 *Identify responsibilities of the employer to the employee.*	Objective question
		1.313 Summarize the qualities most likely to have a favorable influence on job advancement.	Essay question

concept 1

taxonomy (Program Content)

1.311 Responsibilities of employee:

- To employer
  - Competent work
  - Thrifty use of materials
  - Punctuality
  - Honesty
  - Willingness to follow orders
  - Pleasant attitude
  - Loyalty
  - Respect
  - Acceptance of criticism
  - Dependability
  - Initiative
  - Interest
  - Self evaluation
- To fellow employees
  - Teamwork
  - Thoughtfulness
  - Loyalty
  - Honesty
  - Cooperation
  - Pleasant attitude

1.312 Responsibilities of employer:

- Adequate supervision
- Fair personnel policies
- Safe working conditions
- Open channels of communication
- Recognition of achievement
- Recognition of civil rights and employee protection laws (1.6)

1.313 Considerations for job advancement:

- Promotions within organizations
- Promotions outside organizations (recruitment)
- Basis for promotions (performance rating scales)
- Methods of pay increase

suggested learning experiences

Divide class into groups to investigate case studies involving conflicts between workers and employers or among workers.

Have class use information gathered in investigations to develop skits, role play situations, or write reports. Emphasize the important role of attitudes in job success.

Write, visit, or invite persons from management levels of large companies to:

- Discuss training and education programs for their employees
- Clarify criteria used for employee evaluation (performance ratings)
- Identify most frequent causes of employee termination
- Clarify basis for employee promotions

Follow with class discussion on:

- Performance rating scales for employees on probation prior to tenure employment and for those being rated for salary increases.
- Criteria used as a basis for promotion:
  - Merit
  - Seniority
  - Automatic

concept 02 1

employment and income

1.4 Financial Security and Employment

program goals

1.41 Every high school graduate will be able to estimate with considerable accuracy the take-home pay of any job for which he applies.

1.42 Every high school graduate will understand how employment income and benefits affect financial security.

performance indicators

1.411 *Distinguish between gross pay and take-home pay.*

Identify various deductions found on a payroll check stub.

Explain how payroll deductions are computed.

1.421 Explain the advantages of at least three employee benefits.

1.422 *Point out financial implications of payroll deductions and employee benefits.*

suggested evaluation techniques

Analysis of simulated check stub

Analysis of simulated check stub

Problems on objective test

Essay question

Objective question

concept 1 21

taxonomy (Program Content)

1.411 Payroll considerations:

- Salary
  - Gross pay
  - Take-home pay
- Deductions
  - Income taxes
  - Social security
  - Insurance
  - Union dues
  - Charity
  - Credit Union
  - Savings program
  - Retirement

1.421 Employee benefits:

- Profit sharing
- Paid vacation
- Discounts
- Sick pay
- Leave of absence
- Holidays
- Overtime
- Per diem and travel
- Insurancy plans
- Salary incentives
- Retirement

1.422 Financial implications:

Income from employment remains the best guarantee of financial security. Employee benefits contribute to financial security.

suggested learning experiences

Obtain sample paychecks; read, interpret, and point out:

- Gross pay
- Take-home pay
- Involuntary deductions
- Voluntary deductions (numerous options)

Use wage deduction chart from the Internal Revenue Service to explain withholding taxes.

Ask a social security representative to discuss:

- Costs
- Benefits to minor dependents
- Obtaining cards
- Procedure for checking personal accounts with Social Security Administration

Have students who want to obtain social security cards follow the procedures discussed.

Have students talk to family and friends about "fringe benefits" provided by employers.

Discuss chart in *The Search for Economic Security*. Point out financial problems and protection available to the worker through his job.

concept 1

22

employment and income

	program goals	performance indicators	suggested evaluation techniques
1.5 Employment Organizations	**1.51 Every high school student will understand that groups of employees can organize to influence conditions of employment.**	**1.511** *Explain at least one major purpose of unions.*	Essay question
		1.512 *Explain at least one major purpose of professional organizations.*	Essay question

concept 23

taxonomy (Program Content)

1.511 Unions:

- Purposes
  - To act as collective bargaining agents for employees
    - Wages for regular work and overtime
    - Hours of work
    - Requirements for employment
    - Pensions
    - Health, safety, and working conditions
    - Method of hiring and firing
    - Resolves cases involving discharge
    - Methods of settling disputes
  - To provide job placement services
  - To enforce labor agreements

1.512 Professional organizations:

- Purposes
  - To establish and maintain professional standards
  - To support legislation affecting the profession
  - To encourage individual growth and advancement
  - To improve working conditions and income
  - To provide pension, retirement, and supportive benefits
  - To keep membership up to date on research and technology
  - To negotiate with employer on terms of employment (restricted)

suggested learning experiences

Invite guest speaker:

- Union officials–to discuss purposes and expectations of union shop.
- Members of professional organizations to discuss services and benefits of professional organizations.

Have students investigate according to individual preferences:

- Pros and cons of unions
- Advantages and disadvantages of professional organizations
- Number and types of professional organizations available in the community
- Membership requirements of professional organizations related to own occupational choices

concept 1

employment and income

program goals	performance indicators	suggested evaluation techniques
1.6 Employment Laws—Federal and State		
1.61 Every high school graduate will understand how state and federal laws governing employment practices protect workers.	**1.611** *Identify at least five major employment laws and the agencies that administer them.*	Short answer question Objective question
	Explain how employment laws affect him as a worker.	Essay test question
	Identify steps in applying for a work permit.	Objective question

concept 1

25

taxonomy (Program Content)

1.611 Laws affecting workers:

- Major laws protecting workers; administering agencies
  - National Labor Relations Act (Wagner Act) (1.5)—U.S. Department of Labor
  - Fair Labor Standards Act (Wage and Hour Act)—U.S. Department of Labor
  - Workmen's Compensation Act—Oregon Workmen's Compensation Board
  - Taft-Hartley Act (1.5)—U.S. Department of Labor
  - Unemployment Act—Oregon Employment Division
  - Social Security Act—U.S. Department of Revenue
- Major provisions of laws related to all workers
  - Establish minimum wage (certain occupations exempt)
  - Provide a regular pay day at least once every 35 days
  - Provide unemployment, disability, and old age benefits (if certain criteria met)
  - Provide equal employment opportunities
  - Establish work conditions and safety standards
- Major provisions of laws related to minor workers
  - Provide specific safety precautions (e.g., minors may not be employed in job classified as hazardous)
  - Provide for maximum work week of 44 hours
  - Limit employment during school year
  - Specify certain conditions for work pertaining to facilities, breaks, etc.
  - Require work permits for employees, ages 14-18, prior to employment (certain exemptions); permits issued by Bureau of Labor or local employment office upon proof of age

suggested learning experiences

Have students brainstorm answers to "Why do we have laws about employment?"

Invite state employment officials to discuss legal problems pertaining to:

- Hours of work permitted
- Controls
- State and federal minimum wage
- Work permits (1.21)
- Equal opportunity

Analyze case studies pertaining to violations of employee protection laws. Discuss rights of workers in these situations.

Have students review certain laws to determine differences between regulations for workers of:

- Various ages
- Different sexes

Discuss reasons for differences in laws affecting workers.

Have students review current publications of state and federal Departments of Labor and Employment, State Accident Insurance Fund, Social Security Administration, and Workmen's Compensation Board.

concept 2

money
management

concept 12

money management

2.1 Financial Planning

program goals

2.11 Every high school graduate will recognize that sound financial planning is the key to successful personal money management.

2.12 Every high school graduate will be able to construct a realistic budget for families with different needs.

performance indicators

2.111 Define financial planning.

2.112 *Identify at least three specific ways financial planning will help families with problems in handling money.*

2.121 Identify the steps in planning a budget.

Express positive attitudes toward budgeting.

2.122 *Demonstrate the ability to plan a realistic budget for two different income levels.*

suggested evaluation techniques

Short answer question

Objective question

Short answer question

Essay question
Attitude checklist
Teacher observation

A budget plan
Objective question

concept 2

taxonomy (Program Content)

2.111 Definition of fianancial plan: A systematic program for spending, saving, and investing income.

2.112 Reasons for financial planning:

- To evaluate the use of money
- To get maximum benefits from income
- To prevent wasteful and unnecessary spending
- To maintain personal financial stability
- To organize resources
  - human
  - material
- To reduce frustration and money worries
- To understand the way in which money is saved, spent, and borrowed

2.121 Definition of budgeting: a systematic allocation of projected income to assure that

- Expenditures will not exceed income
- All categories of expenditures will be proportionate to needs and priorities
- Future needs (expected and unexpected) can be met

2.122 Steps in budgeting:

- Determine goals, values, needs, and wants (4.112)
- Estimate total income (fixed and variable)
- Analyze past expenditures
- List fixed expenses
- Estimate flexible expenses
- Allocate discretionary resources
- Set aside money for savings and emergencies
- Set up a method for evaluating the plan

suggested learning experiences

Discuss financial planning and what it includes.

Develop a chalkboard list of sources of income, including work, investments, insurance.

Assign a committee to study and report on different ways to organize resources.

Invite a financial counselor (from bank, credit union, social service agency, etc.) to speak about the problems of individuals who fail to establish plans for managing their money.

Use case studies to bring out family budgeting problems and examples of inadequate management of money (include different levels of income).

Have students analyze the steps in budgeting and determine the changes that might be required in a family budget if the following situations occurred:

- A son enters college
- Family income increases by one-third
- The family buys a second car
- The family moves to the suburbs
- An aged parent moves in with the family

Have students tape interviews with people in various stages of the family life cycle to learn their approaches to budgeting. Such persons might include a young married couple, a middle-aged couple with children, and a senior citizen.

Have class discuss the effect of various problems such as divorce on family finances.

concept 2

money management

2.2 Banking and Record Keeping

program goals

2.21 Every high school graduate will demonstrate correct use of banking services that aid in personal money management.

2.22 Every high school graduate will recognize that accurately kept records facilitate income tax reporting and help families maintain financial stability.

performance indicators

2.211 *Demonstrate an ability to write a check, balance a check book, and reconcile a bank statement.*

List at least five services provided by banks that might aid in money management.

2.221 Determine the method and type of record keeping that could be personally useful.

Identify expenditures which have application to income tax reporting and use as a basis for determining record-keeping system.

Demonstrate ability to complete an income tax form accurately.

2.222 Predict the consequences of improperly kept records.

suggested evaluation techniques

Objective question
Simulated activity

Short answer question

Essay question

Objective question

Objective question
Simulated activity

Objective question
Essay question

concept 2

taxonomy (Program Content)

2.211 Banking services:
- Checking accounts
- Bank statement indicating expenditures
- Savings accounts
- Safety deposit boxes
- Money exchange
- Loans
- Financial advisory services to families
- Estate planning and trusts
- Credit cards—(first step to checkless-cashless society)

2.221 Types of financial records:
- Accounts of earning and spending
- Net worth statement
- Household inventory
- Tax records

2.222 Reasons for keeping records:
- To evaluate family or individual spending
- To provide information for income tax reports
- To analyze financial situation of family
- To provide a basis for determining future purchases
- To provide a basis for developing and maintaining a budget

suggested learning experiences

Make a bulletin board showing examples of banking services. Discuss the implications of the checkless-cashless society predicted for the future.

Demonstrate the correct way to write a check. Use transparency to illustrate how the amount on a check can be changed and what can be done to prevent this.

Have students practice writing checks and keeping records and reconciling accounts in simulated checkbook.

Discuss the distinction between overdrawing a checking account due to carelessness or error and overdrawing with the intent to defraud.

Discuss the business aspect of family living. List on the chalkboard examples of valuable papers families should keep. Next to each example, write where it should be kept.

Use transparencies to illustrate various types of household record systems. Discuss reasons for keeping such records.

Have each student complete one project of his choice:
- A net worth statement for a family in a given situation
- A record of his expenditures and income for two weeks as a basis for future planning
- A classroom or home inventory
- A home business center

Use a current income tax booklet to examine methods of figuring income tax.

Discuss various deductions allowed. Develop a system for keeping track of possible income tax deductions. Discuss proof necessary if tax return is audited.

Review and complete tax forms in class.

concept 2

money management

	program goals	performance indicators	suggested evaluation techniques
2.3 Savings	**2.31 Every high school graduate will recognize the value of savings and demonstrate ability to plan an appropriate savings program.**	**2.311** Point out the contribution of savings to the future financial security of families with varying value systems and goals.	Essay question Objective question
		2.312 *Outline a savings plan based on personal income and needs.*	Savings plan Statement of needs
		2.313 *Identify types of savings institutions best suited in function and service to different types of savings goals.*	Objective question

concept 2

taxonomy (Program Content)

2.311 Reasons for saving:
- To provide for short-term needs
  - Emergencies such as unemployment, sickness, accidents, death, etc.
  - Vacations
  - Weddings
  - Car or appliance purchase
- To provide for long-term needs
  - Home ownership (saving for the down payment)
  - Children's education
  - Supplemental retirement fund
  - Investments—business, real estate, insurance

2.312 Factors affecting savings decisions:
- Amount of discretionary income
- Attitudes toward savings, such as "pay yourself first"
- Needs and wants (examples)
  - Emergency fund needs
  - Savings reserve
- Will power

2.313 Choosing a savings institution:
- Types of savings institutions
  - Savings banks
  - Commercial banks
  - Savings and loan associations
  - Credit unions
  - Insurance companies
  - U.S. Government (bonds)
- Criteria for choosing a savings institution
  - Safety of principal
  - Earnings
  - Liquidity
  - Purpose
- Factors affecting growth in savings
  - Rate of interest
  - Method of determining balance on which interest is paid
  - Length of time invested
  - Type of savings (examples)
    - Pass book
    - Certificates

suggested learning experiences

Develop a list of short- and long-term student needs. Determine how much would have to be saved per week to achieve one or more of these needs.

Make a chalkboard list of saving goals for teens, young adults, newly married couples, growing families, retired people.

Write 10-15 quotes about saving on brightly colored construction paper. Have students tell what the sayings mean. Invite others to add to the list. Soon the bulletin board will be covered with the brightly colored sayings, both humorous and serious.

Hold class discussions of such questions as:
- How do attitudes influence the habit of saving?
- What other factors influence the amount an individual or family may save?
- Should everyone save a part of his income?
- Is it possible for a very low-income family to save?

Invite guest speakers to talk about different types of savings institutions.

Discuss the criteria for choosing a savings institution:
- Why is safety put first and earnings second?
- What is meant by liquidity?
- In what circumstances might liquidity be important?
- How does purpose affect the choice of a savings institution?

Compile a fact sheet to compare or rank different savings plans on the basis of interest paid, services offered, and degree of risk involved.

concept 2

money management

2.4 Investments

program goals

2.41 Every high school graduate will recognize how investments aid families in providing for present and future financial needs.

2.42 Every high school graduate will be able to evaluate the major types of investments available to families of various economic levels.

performance indicators

2.411 Define investment.

2.412 *Point out the value of investing for both monetary and nonmonetary gains.*

2.421 *Distinguish the type of investment best suited to given needs.*

2.422 *Identify four major factors to consider before making an investment.*

suggested evaluation techniques

Short answer question
Objective question
Essay question
Objective question

Objective question

Short answer question
Objective question

concept 2

taxonomy (Program Content)

2.411 Definition of investment:

"The commitment of funds with a view to minimizing risk and safeguarding speculation," *Webster's Third International Dictionary.*

2.412 Reasons for investing

To obtain income
To make profits (capital gains)
To provide a "hedge" against inflation
To enrich life

2.421 Types of investments:

Interest-bearing deposits in a savings bank, a savings and loan association, or a commercial bank
Credit union shares
Real estate (rentals or mortgages)
U.S. Savings Bonds
Business (single proprietorship, partnership, corporation, or "co-op")
Municipal bonds (includes state bonds) called tax-free municipals
Life insurance
Investment trusts; closed-end or open-end (mutual funds)
Tax sheltered annuities
Common or preferred stocks and bonds of private corporations
Collectables
"Get rich quick" schemes (5.3)

2.422 Criteria for selecting investments:

Safety
Reasonable price
Promise of reasonable return
Fairly liquid
Compatible with savings plan
Savings and insurance program already established

suggested learning experiences

Brainstorm:

What is an investment?

Have class list types of investments an individual or family can make for nonmonetary gain, such as spending money on friends, family, travel, etc. Discuss the value of these kinds of investments.

Have each student select one business firm appearing on the New York Stock Exchange and prepare a brief report of its purpose, type of products or services involved, earnings for last three years, and potential for future earnings.

Let class investigate and report on the different types of investment plans and their features, including get-rich-quick schemes.

Plan a symposium with local banker, an investment broker, a real estate agent, etc., to discuss the advantages and disadvantages of investing money. Follow with a discussion of risks involved in different types of investments and major considerations in making small investments.

concept 2

money management

2.5 Insurance

program goals

2.51 Every high school graduate will understand that insurance plays a vital role in planning for personal and family financial security.

performance indicators

2.511 Define insurance.

2.512 *Identify at least four different types of insurance protection available.*

2.513 *Summarize points to consider in planning insurance programs for families with different needs.*

suggested evaluation techniques

Short answer question
Objective question

Objective question

Essay question
Objective question

concept 2

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taxonomy (Program Content)

2.511 Definition of insurance:

A method of providing protection against losses incurred as a result of death, accident, damage, disaster, injury, loss, old age, risk, sickness, and unemployment.

2.512 Major types of insurance:

- Health
  - Hospitalization
  - Medical services
  - Loss of income
  - Health maintenance
- Life
  - Term
  - Endowment
  - Ordinary life
- Property
  - Damage
  - Loss or theft
  - Liability
- Auto
  - Damage
  - Liability
  - Uninsured driver
  - Comprehensive
  - Personal Injury Protection (PIP)

2.513 Planning an insurance program:

- Cover the greatest and most important risks first
- Determine insurance required to provide sufficient protection
- Decide what needs must be met by insurance
- Decide on how much can be spent
- Seek advice from competent and reliable insurance advisor
- Review contract with agent to understand policy (2.6)
- Review insurance program periodically, considering changing needs and conditions

suggested learning experiences

Have students compose a humorous skit illustrating all the different risks a person might run into in one day if he were unfortunate enough. Have class discuss the concept of insurance and decide the type best for each risk.

Have a student committee contact an insurance representative to talk on different kinds of life insurance and family needs for life insurance. Discuss important points to remember in planning an insurance program.

Prepare a chart showing the major features of the various forms of life, health, and auto insurance and premium rates for each. Discuss factors that influence rates.

Have students evaluate cost of hospitalization by examining hospital statements for a broken leg, having a baby, etc. Report on the provisions for medical insurance that are provided by various group plans.

Invite an auto insurance agent to discuss auto insurance for teenagers. Include the importance of a good driving record and high risk autos.

Have students list different risks around the home. After each, name the type of insurance which protects against this loss.

concept 2

money management

2.6 Legal Documents

program goals	performance indicators	suggested evaluation techniques
2.61 Every high school graduate will be able to analyze the essential elements of any contractual agreement prior to signing it.	**2.611** Define contractual agreement.	Short answer question
	2.612 *Point out essential elements of a contract.*	Objective question
	2.613 Give examples of at least three legal documents.	Short answer question
2.62 Every high school graduate will be able to evaluate the consequences for family finances before signing a legal document.	**2.621** *Point out responsibilities of the consumer in contractual agreements.*	Objective question
	Predict the consequences of a large installment purchase on future family finances.	Short answer question Objective question

taxonomy (Program Content)

2.611 Definition of contract:

suggested learning experiences

Have class discuss contracts. Bring out the fact that minors may

concept 38

An agreement between two parties to create rights and obligations that can be enforced in a court of law.

2.612 Common types of legal documents:

- Contractual agreements
  - General
  - Retail installment
  - Revolving credit
  - Mortgage
  - Insurance (2.5)
  - Lease agreement between tenant and landlord
- Other types
  - Wills
  - Social security cards (1.4)
  - Work permits (1.6)
  - Tax returns (2.2)

2.613 Elements of contractual agreements:

- Mutual assent
- Consideration
  - A price paid to bind a promise
  - A promise to pay money, goods, or services
- Competent parties
  - Married persons and persons 18 years of age or older are legally competent to enter into binding contracts.

2.621 Responsibilities of consumer in contractual agreements:

- As related to legal implications
  - Understand all clauses and terms
  - Keep copy of contract
  - Be sure contract is correctly dated
  - Be sure all blank spaces are filled in or marked out
  - Be sure all provisions agreed upon are clearly written
  - Be sure figures are accurate
  - Be sure proper disclosure has been made by seller (3.611)
  - Be sure all cancellations are made in accordance with the contract
- As related to financial planning (2.1)
  - Be sure installment payments can be made on long-term basis
  - Compare total costs to those of alternative payment plans

be competent to enter into certain binding agreements.

List the requirements of contracts; have students develop a list of transactions which they consider to be contracts; determine whether or not contractual agreements exist for such transactions.

Prepare a bulletin board display, showing contract and explanations of its various elements.

Examine and discuss an automobile sales contract:

- Who actually owns the auto until it is fully paid for?
- What restrictions are put upon its use by the buyer?
- What happens if payments are not made when due?
- If the car is repossessed, is there a legal claim by the seller for the unpaid balance?

Exhibit other types of legal documents. Have individuals or groups research specific documents such as:

- Leases
- Wills

concept 3

credit

concept 3 credit

	program goals	performance indicators	suggested evaluation techniques
3.1 Availability of Credit	**3.11 Every high school graduate will recognize that the availability of credit to individual consumers varies according to personal and economic factors.**	**3.111** Define credit.	Short answer question
		3.112 *Identify at least four economic and personal factors influencing the availability of credit.*	Objective question
		3.113 *Predict the ability of the consumer to repay debts in given situations.*	Objective question

concept 3

taxonomy (Program Content)

3.111 Definition of credit:

- The right to pay at a future date for immediate use of goods, services, or money
- Trust, given and/or received

3.112 Factors affecting the availability of credit:

- Personal factors
  - Income, present and anticipated
  - Payment record
  - Employment stability
  - Marital status and sex
  - Personal litigation record
- Economic factors
  - Business conditions (3.511)
  - Money policies (3.511)
- Considerations of lenders (Six C's for obtaining credit)
  - Character—a responsible attitude toward paying bills
  - Capacity—ability to repay loan from money coming in
  - Capital—possession of property worth more than debt
  - Conditions—agreements made in advance between lender and borrower
  - Collateral—possessions of any kind, which can be mortgaged or deposited as security for the creditor
  - Common sense—ability to use credit wisely

3.113 Factors to consider before seeking credit:

- Regularity of income
- Possibility of income change
- Possibility of change in expenses
- Immediate major needs to be met
- Amount of income currently allocated to installment payments
- Amount of discretionary income

suggested learning experiences

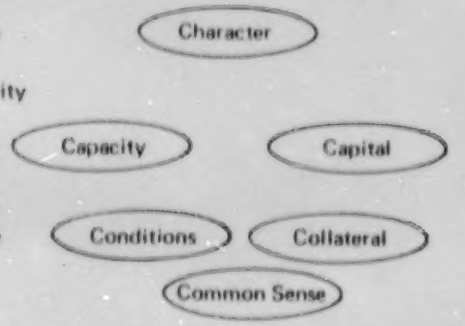
Have class give examples of credit extended to them by parents, brothers, and sisters.

Discuss definitions of credit written on the chalkboard:

- "Credit is buying now and paying later."
- "Credit is a doctor bill."
- "Credit is a loan."
- "Credit is paying 'rent' for the use of someone else's money."

Give students copies of the diagram below and ask them to place in each circle the number of any word which correctly applies:

1. Integrity
2. Intelligence
3. Alertness
4. Responsibility
5. Skill
6. Aptitude
7. Health
8. Punctuality
9. Appearance
10. Energy
11. Chattel
12. Savings
13. Property
14. Salary
15. Thrift



Examine a credit application with the class to see how it determines the Six C's of the applicant.

Have students discuss the questions:

- What personal factors influence the availability of credit?
- What economic conditions influence the availability of credit?
- What is the role of credit in the total economy?

Have students analyze cases found in *The Spender Syndrome* for factors these families failed to consider before obtaining credit. Discuss the role of credit in family money management.

concept 3

credit

3.2 Using Credit

program goals

3.21 Every high school graduate will recognize that credit is potentially helpful or harmful, depending on how it is used.

3.22 Every high school graduate will know how to use credit in meeting personal and family needs.

performance indicators

3.211 *Point out the advantages and disadvantages of using credit in given situations.*

3.221 *Identify responsibilities of the consumer in credit transactions.*

3.222 *Identify responsibilities of the creditor in credit transactions.*

suggested evaluation techniques

Objective question

Objective question

Objective question

concept 3

taxonomy (Program Content)

3.211 Advantages and disadvantages of using credit:

- Advantages
  - Handy in emergencies
  - Allows budgeting of major purchases over period of time
  - Establishes credit record
  - Provides better service
  - Establishes a written record of purchases
- Disadvantages
  - Future income is "tied up"
  - Usually costs more than cash purchases
  - Can lead to overspending
  - May eliminate comparative shopping

3.221 Responsibilities of the consumer:

- To creditors
  - Limiting obligations to amounts that can be repaid
  - Making all payments promptly
  - Contacting creditor immediately if there is an emergency and an inability to pay
- To himself
  - Checking on the reputation of business firm from which he plans to make credit purchase
  - Assuring that all aspects of the contract are understood prior to signing (2.6)

3.222 Creditor's responsibilities:

- Assisting consumer to hold his indebtedness within range of his ability to repay
- Cooperating with established credit reporting agencies to make credit record available to consumer
- Presenting an accurate and intelligible printed statement of the transaction made with consumer
- Clearing credit records if mistakes are made

suggested learning experiences

Divide class into small groups to list advantages, disadvantages, in using credit and alternatives in given situations (to buy car, education, furniture, vacation, etc.) Report findings.

Role play three family situations:

- Too much use of credit which results in repossession or deficiency judgments
- A furnace blows up because family would not use credit to finance its repair
- Wise use of credit

Brainstorm the responsibilities of:

- The consumer to the creditor
- The consumer to himself
- The creditor to the consumer

Have students develop a skit illustrating obligations and responsibilities of using credit in different situations.

Survey class to determine how many have used credit in some form. Discuss reasons for credit use:

- Convenience
- Increased purchasing power
- Emergency needs

Use case studies of credit purchases to point out the dangers of unwise use of credit. Discuss other means of resolving the problems presented.

concept 3

credit

3.3 Sources of Credit

program goals

3.31 Every high school graduate will understand how differing consumer needs affect selection of the credit source.

performance indicators

3.311 *Summarize the functions of at least five sources of consumer credit.*

Select the source of credit most appropriate for given consumer needs.

suggested evaluation techniques

Essay question

Objective question

taxonomy (Program Content)

3.311 Credit granting institutions:
Retail Stores (3.612)

suggested learning experiences

Have students discuss the proposition that it is as important to shop for credit as to shop for other goods and services.

concept 3

Extend credit in a variety of ways for purchase of goods and services.

Banks (3.612)
- Take collateral and credit records into consideration when determining interest rates
- May charge lower interest rates than most other lending institutions
- Require good reasons for borrowing

Credit unions (3.612)
- Require membership before making a loan
- Require good reasons for borrowing
- Charge interest rates determined by boards of directors
- May charge lower interest rates than most other lending institutions

Personal finance and small loan companies (3.612)
- Usually charge more interest than financial institutions
- May not require collateral

Pawnshops (3.612)
- Require something of value for security
- Sell property if loan is not paid back on time
- Charge high interest rates
- Do not lend amounts comparable to full value of property pawned

Usurious lenders (loan sharks)
- Charge unlawful interest rates
- Have no state license
- Use brokerage system: middleman arranges a loan and receives large commission
- Charge excessive rates for refinancing, repossession, late payments, and credit life insurance
- Allow very short time for repayment
- May use collection methods which involve violence or other criminal conduct
- May obtain mortgages on other property owned by borrower
- May date loan prior to time of lending money to consumer

Other sources
- Agencies providing educational loans
- Utility companies
- Sales finance companies
- Health care professions
- Insurance companies
- Friends and relatives

Make bulletin board display of appealing pictures of items valued by teenagers. Have students select an item and shop for credit by using newspaper ads, magazine pictures and yellow pages of the telephone book. Display examples of credit sources found.

Have small groups work on a chart comparing operating policies, specialities, types of credit offered, and credit costs of different types of lending agencies. Students may investigate or visit business establishments, and gather information from resource people for classroom presentations.

Have students discuss perils of dealing with usurious lenders and examine differences between reputable and disreputable creditors. Make a checklist for shopping for credit. Discuss appropriate action to take when encountering dishonest credit practices.

Brainstorm sources of credit that are not commonly considered. Discuss advantages and disadvantages of each source.

concept 3

credit

	program goals	performance indicators	suggested evaluation techniques
3.4 Kinds of Credit	**3.41 Every high school graduate will be able to shop for credit and make appropriate choices.**	**3.411** *Distinguish the difference between open and closed-end credit.*	Objective question
		Identify kinds of credit available in the community.	Objective question Matching
		Determine the kind of credit that would be most appropriate in given situations.	Simulation activity Matching

concept 3

taxonomy (Program Content)

3.411 Two major types:

- Open-end
  - Regular charge accounts
    - Expected to be paid in full within a predetermined time
    - No finance charge
    - Service charge if not paid by predetermined time
  - Revolving charge accounts
    - Consumer and store predetermine the amount of credit that will be granted to the consumer
    - Consumer pays a finance charge on the unpaid balance
  - Revolving check credit
    - Extended by some banks
    - Credit limits predetermined by bank
    - Consumer writes "special" check to create credit
    - Plan for repayment included in initial arrangement
    - May or may not have finance charge
  - Bank credit cards
    - Provided by some banks
    - Permit the consumer to buy on credit at a large number of retail businesses
    - Is either a regular or a revolving charge program
  - Service credit
    - Offered by some doctors and dentists, utility companies, dry cleaners, repair services, etc.
    - Terms are determined by each business
- Closed-end
  - Installment credit
    - Long-term consumer credit
    - Contract is signed before goods are delivered
    - Seller usually retains title to or a security interest in goods until final payment is made on contract
    - Specified payments are made each week or month for a specified time
      - Finance and other charges are added
      - Interest charges vary
  - Cash loans
    - Borrowers sign a note or contract specifying the repayment plan for money borrowed

suggested learning experiences

Ask class members to indicate different items they have acquired through the use of credit and group these items under the kind of credit used.

Have students investigate the difference between open-end and closed-end credit. Discuss the characteristics of the kinds of credit under each category.

Ask students to visit different retail stores and financial institutions to find out what kinds of credit are offered by each. Use information to fill in comparison chart, including factors affecting cost. (3.5)

Collect several installment credit contracts from stores and catalogs. Study the agreements and circle any parts students do not understand. Invite a credit manager to class for discussion.

Have students explain promises they would make by signing the credit contracts studied. (2.6)

concept 3

credit

3.5 Credit Costs

program goals	performance indicators	suggested evaluation techniques
3.51 Every high school graduate will recognize that credit is a service, the cost of which varies according to many factors involved in a transaction.	**3.511** *Identify factors affecting the cost of credit.*	Objective question
	3.512 *Select the least expensive source of credit by computing the dollar cost in given situations.*	Problems on objective test
	3.513 Compute interest rates in given situations.	Problems on objective test
	3.514 *Define at least three terms commonly used in credit transactions.*	Short answer questions Objective questions

concept 3

taxonomy (Program Content)

3.511 Factors affecting costs of credit:
- Source of credit
- Amount of money borrowed
- Length of time borrowed
- Ability of borrower to repay (3.113)
- Collateral or security offered
- Costs other than finance charges
- Amount of money available for loan (3.112)
- Business conditions (3.112)

3.512 Steps in determining dollar cost of credit:
- Add all costs
- Subtract the cash price of purchase or money actually borrowed
- Difference is dollar cost

3.513 Determining interest rate:
- Simple interest formula:
  - $I = prt$
- Annual percentage rate formula:
  - $i = \frac{2md}{p(n+1)}$
  - i = rate of charge
  - m = number of payments in one year (12 is monthly; 52 is weekly)
  - n = number of payments to complete repayment of debt
  - d = total finance charge in dollars
  - p = amount borrowed

3.514 Terms used in credit transactions:
- Monthly interest rate
- Interest on unpaid balance
- Add-on interest
- Discount interest
- Rule of 78
- Balloon payment refinancing
- Finance charge
- Annual percentage rate (APR)

suggested learning experiences

Invite a resource person to explain why credit costs vary. Discuss costs other than finance charges that might be included in a credit transaction (credit life or health insurance, computer charges, etc.). Determine whether these costs are voluntary or involuntary in different situations and why they are included in APR.

Use examples to show that the dollar cost of credit is the difference between the cash and credit price.

Define annual percentage rate. Show examples of contracts with this rate circled in red (2.6). Show students how annual percentage rate is figured.

Hand out cost comparison sheets and have students figure dollar costs and annual percentage rates for two problem situations.

Obtain figures from a number of different lending agencies (3.3) and put findings on a transparency. Discuss: How did the size and length of payments affect the dollar cost? What is the advantage of a large down payment? What are possible disadvantages?

Compare the dollar cost and annual percentage rate of credit from each of the agencies on the chart. Discuss store policies which might be more important than the cost of credit in the long run, guarantees, service policies, etc.

Obtain several sample credit contracts and discuss the meaning of the terms they use.

Discuss how the consumer is made aware of credit costs.

concept 03

credit

3.6 Consumer Credit Laws

program goals

3.61 Every high school graduate will be able to judge the adequacy of a credit transaction in terms of laws regulating interest rates and disclosure information.

performance indicators

3.611 *Point out the violations of Truth in Lending Act in given credit contracts and purchasing situations.*

Discriminate between the rights and responsibilities of the consumer and seller in credit card transactions.

3.612 *Determine whether interest rates in given situations exceed the maximum allowable by law.*

suggested evaluation techniques

Objective question

Essay question
Matching question

Multiple choice questions

taxonomy (Program Content)

3.611 Federal laws regulating credit:
- Consumer Credit Protection Act
  - Rights of consumers - Credit card
    - Can be issued only upon request (except for renewals and substitutions)
    - No liability after notification in writing of loss or theft of card
    - Liability maximum is $50 (no liability if issuer does not give notification of potential liability and provide method of identification, such as a signature panel or photograph)
    - Issuer must provide cardholder with a self-addressed, prestamped notification card.
  - Truth in Lending provision
    - Requires lender to disclose
      - Cash price
      - Cash down payment
      - Trade-in

suggested learning experiences

Use a chart to show statutory maximum small loan rates in Oregon.

Examine a sample credit contract to determine if disclosure requirements of the Truth in Lending Act have been met.

Have students role play situations involving cancellations of credit contracts to determine advantages and disadvantages of the right to cancel.

Have students investigate other local, state and federal consumer credit laws and report on:
- Provisions of the laws
- Ways they protect consumers
- Methods of enforcing the laws

Use case studies to determine how credit laws operate. For instances where violations occur, discuss how consumer should get assistance.

Use cases disclosed by radio, television and/or newspapers as basis for discussion regarding current credit law violations.

concept 3

Total down payment
Amount financed, including
Unpaid balance of cash price
Insurance costs, if any
Filing costs, if any
Other miscellaneous, itemized costs, if any
Finance charge (dollar amount)
Annual Percentage Rate
Deferred payment price (total amount to be paid under contract)
Date finance charge begins to accrue
Number, amount and due dates of payments
Description of security interest, if any
Method of computing unearned finance charge (in case of prepayment)
Various other items pertaining to the transaction, if applicable

3.612 State laws regulating credit:

Retail installment sales
Disclosure law similar to Truth in Lending
Sets no maximum limitation on finance charge

Banks covered by usury laws
Maximum rate 10 percent per annum on original amount of loan

Personal finance and small loan companies
Maximum loans–$5,000
Maximum rates of interest
3 percent per month on first $300
1 3/4 percent per month on unpaid balance between $300 and $1,000
1 1/4 percent per month on unpaid balance between $1,000 and $5,000

Credit unions
Maximum 1 percent a month on unpaid balance

Automobile loans
New cars (current or previous model year)–$8 per annum per $100 on principal balance
New and used cars (two model years prior to current year)–$10 per annum per $100 on principal balance
Other used cars–$12 per annum per $100 on principal balance
A minimum charge of $25 can be made, even though greater than calculated finance charge

Pawn shops
3 percent per month on first $300
$10 per annum on amounts over $300
Loan sharks–no maximum amounts

Ask students to relate experiences or find articles in newspapers or magazines on uses and abuses of credit cards. Discuss the consumer's rights and responsibilities in relation to credit card transactions.

concept 3

credit

3.7 Credit Records

program goals

3.71 Every high school graduate will recognize how family finances and future employability are affected by his credit record.

3.72 Every high school graduate will understand how legislation aids the consumer in maintaining an accurate credit record.

performance indicators

3.711 *Name at least three functions of credit bureaus.*

3.712 Point out at least three uses of credit reports.

Predict the consequences of failing to maintain a satisfactory credit record.

3.721 *Summarize the legal protection provided consumers by the Fair Credit Reporting Act.*

suggested evaluation techniques

Objective question

Objective question

Objective question
Simulation activity

Essay question

taxonomy (Program Content)

3.711 Credit bureaus:

Issue credit reports—making reasonable effort to provide accurate information

See that prospective users are properly identified

Certify the purpose for seeking information

suggested learning experiences

Have credit bureau official come to class or provide a few students with tapes and a tape recorder to interview them. Some questions they might ask are:

Why is a credit bureau needed?

Who are its members?

concept 3

3.712 Credit reports:

Uses

Granting credit or collecting accounts

Underwriting insurance

Determining eligibility for employment

Providing consumers information about their personal ratings

Determining eligibility for license or other benefit by a governmental unit (as required by law)

Providing legal evidence (court of jurisdiction)

Consumer Responsibilities

Maintain prompt payment record

Fulfill all terms of credit contracts

Contact creditors immediately if emergency prevents prompt payment

Periodically review credit reports

3.721 Fair Credit Reporting Act:

All information must be current (not older than seven years, except reports of bankruptcy, which may be disclosed for 14 years)

Disclosure (discretionary)

Suits and judgments

Paid tax liens

Accounts placed for collection or default

Records of indictment and conviction from the date disposition, release or parole

Other adverse information

Notification

Users of credit report must advise individual of use if

Credit is denied

Charge for credit is increased

Employment is refused

Review

Consumer has right to review his own credit bureau file upon written request

Without cost if denied credit

At "reasonable" fee if not denied credit

Disputed information

Agency must reinvestigate if consumer disputes information

Consumer may file a 100 word rebuttal if his file is not changed

What are its purposes?

What are the advantages given to the consumer?

What is involved in a credit investigation?

What information does the credit bureau collect on individuals?

Can an individual review his own credit report?

How would you describe a poor credit risk?

What is a credit record and how is it used?

How important is a credit record?

How does a person protect his credit record?

Can an individual improve his credit record by moving to a different town?

Review a copy or summary of the Fair Credit Reporting Act and discuss ways it protects consumers.

Use case studies and problem stituations to determine:

Legal recourse for consumers

Actions which help or harm a credit record

concept 3

credit

	program goals	performance indicators	suggested evaluation techniques
3.8 Solving Credit Problems	**3.81 Every high school graduate will be able to evaluate private and governmental sources of assistance for consumers with debtor problems.**	**3.811** Name at least three local agencies which provide help with credit problems.	Short answer question
		Point out the differences between non-profit and commercial agencies providing debt counseling services.	Objective question
	3.82 Every high school graduate will understand legal recourse available and its implications for the person who cannot pay his debts.	**3.821** *Predict the effects of bankruptcy on the family and community.*	Objective question

taxonomy (Program Content)	suggested learning experiences
3.811 Sources of credit problem assistance: Nonprofit credit counseling services Nominal fees are charged Staff counselors are available to give advice on budgeting Use of proposed budget plan is voluntary Loans are not made Agencies include: Oregon Consumer Credit Counseling Service	Have students identify agencies in their community which are available to assist with credit problems. Have students investigate and report on debt adjustment services: Who sponsors them? How do they function? What costs are involved? How can they be evaluated? What are some alternatives to debt pooling?

Local extension services
Various welfare and mission groups

Commercial debt-adjustment firms
Work out a repayment plan with debtor and his creditors
Require debtor to turn over a portion of his earnings each payday to pay creditors
Vary greatly in fees charged and services provided
Add to total debt because of fees charged
May charge excessive fees and provide counseling

3.821 Legal recourse for credit problems:

Bankruptcy

Bankruptcy Act
Gives creditors an equal opportunity to share in the debtor's property
Gives honest debtors an opportunity to make a new start

Types of bankruptcy
Voluntary: debtor files a petition in a federal court asking to be declared bankrupt (legally unable to repay debt)
Involuntary: creditors file a petition asking the court to declare debtor bankrupt

Steps in bankruptcy procedure
Petition filed in court
Creditors file claim
Court collects assets and sells property of debtor
Court distributes proceeds among creditors

Effects of bankruptcy
Remains on credit bureau report for a 14-year period
Creditors may refuse to lend money after bankruptcy
Creditors cannot continue to use legal action to collect debts, but may continue to press for collection
Affects employability in occupations requiring bonding
Limits employment potential
Increases family and marital conflicts

Wage Agreement Plan
Chapter XIII, Bankruptcy Act
Allows court to supervise the prorated distribution of wages over a two-year period for payment of debts
Provides a new start without the stigma of bankruptcy

Under what circumstances would debt adjustment be advisable?
When would debt adjustment services be advisable?

Invite a counselor from a credit counseling agency to discuss how people can protect their credit ratings and what to do about credit problems. (3.721)

Role play members of a family whose credit is over-extended. Show how they plan to work themselves out of this situation.

Invite a lawyer to speak on bankruptcy; visit a bankruptcy court.

Invite a creditor to discuss effects of bankruptcy on the family and community.

4 concept

purchase of goods and services

concept 4

purchase of goods and services

	program goals	performance indicators	suggested evaluation techniques
4.1 Factors Affecting Consumer Purchases	**4.11 Every high school graduate will be able to apply the steps in the decision-making process to the purchase of goods and services.**	**4.111** *Relate the steps in responsible decision making to the purchase of goods and services.*	Demonstration–simulated or actual
	4.12 Every high school graduate will be able to recognize and evaluate the influence of personal, societal and marketing techniques on personal purchasing decisions.	**4.112** *Name a minimum of five personal factors that could influence purchasing decisions.*	Short answer question
		Relate spending patterns to his values and goals.	
		Identify consumer products and practices which are harmful or potentially harmful to the environment.	Objective question Essay question
		Name at least two marketing practices which influence consumer decisions.	Short answer question
		4.121 *Describe factors that influence prices the consumer must pay in the marketplace.*	Short answer question
		Identify the value of at least one promotional device to the consumer.	Objective question Essay question

concept 4

taxonomy (Program Content)

4.111 Steps in the responsible decision-making process:
- Define the problem
- Determine reasonable alternatives
- Seek appropriate information
- Weigh alternative choices
  - Consider principle of opportunity costs: An important cost of buying anything is the cost of foregone opportunities or loss of benefits that could result from spending money a different way.
  - For example, advantages of an unexpected bargain purchase should be weighed against the cost of depleted funds for planned expenditures.
- Determine best choice
- Reevaluate selection

4.112 Influences on consumer decisions:
- Personal factors
  - Resources available
    - Time
    - Money
    - Energy
    - Skills and abilities
    - Credit
  - Age, marital status, and sex
  - Customs and background
  - Individual and family needs and wants
    - Levels of needs (Maslow)
    - First level—food, clothing, and shelter
    - Second level—safety and security
    - Third level—love and belongingness
    - Fourth level—self-respect and self-esteem
    - Fifth level—self-actualization
  - Wants (luxuries) are not essential and differ with individuals
  - Individual and family values and goals expressed through
    - Choices
    - Decisions
    - Use of goods
    - Use of time and energy
    - Spending patterns

suggested learning experiences

Using problem situations, have students choose between two desirable expenditures when only one is possible. Follow with discussion until all the steps in the decision-making process have been clearly outlined. Discuss the principle of opportunity costs.

Have students list some of the best buys they have made and some of the worst buys in terms of personal satisfaction received. Decide what made each turn out as it did and if the decision-making process was used in each case.

Research projects

Have students, individually or in pairs, select an item they plan to purchase in the near future. Proceed through steps in decision-making process.

Have students:
- Interview sales people
- Examine the product
- Research comparable costs
- Organize information and report to class

Develop a transparency of Maslow's *Hierarchy of Needs* to illustrate basic needs.

Display pictures from magazines on a bulletin board under captions "Needs," "Conveniences," "Luxuries." Have students compare their own needs and wants to those illustrated and explain why they may differ.

List on the chalkboard some typical goals of teenagers and some values on which these goals may be based. Discuss how these factors might influence an individual's concept of needs and luxuries.

Have students discuss the question: How often have you cut down on basic necessities, like eating, to buy luxuries? Discuss the importance of recognizing that whenever one need or want is satisfied by the purchase of an item, other possible choices are lost.

Have students compare goals typical of:
- Students
- Single adults
- Newly married couples
- Beginning families
- Growing families
- Retired persons

(continued)

concept 4

taxonomy (Program Content)

4.112 (continued)

- Values—general guides which tend to give direction to life
  - Are influenced by experience and environment
  - Change constantly
- Goals—ambitions or desires that grow out of one's value system
  - Short-term and long-term
  - Change constantly

Societal factors

- The economy (5.1)
- Technological changes
  - Education
  - Special research
    - Space program
    - Auto industry
- Ecological concerns
  - Use of natural and human resources
  - Abuse of physical environment
- Status attainment
  - Influence of peer group
  - Influence of media
  - Influence of ethnic and economic heredity

Marketing factors

- Advertising (4.2)
- Types of stores and facilities (4.411)
- Pricing policies determined by:
  - Supply and demand
  - Cost of merchandise
  - Store expenses
  - Competitors' prices
  - Margin of profit
- Pricing as promotional technique
  - Loss leaders
  - Clearance prices
  - Odd number prices
  - Multiple prices
  - Price discrimination
- Other promotional techniques—product differentiation
  - Displays
  - Contests and games
  - Trading stamps
  - Discount offers
  - Packaging
  - Coupons
  - Free services

suggested learning experiences

Have students discuss:

- What major expenditures usually occur at each stage?
- What is the value of planning spending based on long-range goals?

Debate whether a family's standard of living is chiefly determined by its income, or values and goals.

Use a transparency or bulletin board to outline the goals, subgoals, and resources of a hypothetical consumer. Chart alternative routes he might need to take because of a scarcity of resources. Discuss how this process leads to self actualization.

Discuss societal influences on the consumer. Have students divide into groups to study the effect of technological changes, ecological factors, and status attainment on consumer decisions.

Discuss:

- What consumption habits must consumers change before a better environment can be realized?
- What decisions must consumers make in relation to costs of environmental improvements?

Have students bring examples of various promotional devices to class and display on bulletin board for discussion. Divide into groups to research the value of these devices to the consumer:

- Trading stamps
  - Compare stores that do and do not give stamps
  - Compare the variety and quality of merchandise given in a stampbook with selection in retail stores
- Contests and games
  - Bring examples of contests and discuss what is done to make the consumer think he has a better chance of winning than he does?
  - Read some of the recent articles on contests and prizes.
- Displays and store arrangements
  - Have committees visit supermarket and department stores to study floor arrangement, shelf arrangements, bargain prices, displays, and free samples.
  - Talk to manager about marketing techniques used and report findings.
  - Discuss packaging as a marketing technique. Ask if anyone has ever purchased an item because of the package. Were they pleased or deceived? What was it that stimulated them to buy?

concept 4

purchase of goods and services

4.2 The Role of Advertising

program goals

4.21 Every high school graduate will be able to analyze the effect of advertising on his choice of goods and services.

performance indicators

4.211 List at least five outlets for advertising.

4.212 *Identify the advantages and disadvantages of advertising for the consumer.*

4.213 *Discriminate between informational and motivational ads.*

4.214 Appraise the value and accuracy of various ads in relation to their objectivity.

4.215 Show how the consumer can help influence advertising practices.

suggested evaluation techniques

Short answer question

Objective question
Multiple choice question

Objective question

Objective question
Essay question

Essay question
Written project

taxonomy (Program Content)

4.211 Outlets for advertising:
- Newspapers
- Magazines
- Circulars
- Catalogs
- Brochures, mailing lists
- Yellow pages of phone book
- Door-to-door salesmen
- Contests
- Promotion giveaways
- Radio
- Television
- Billboards
- Packaging

4.212 Advantages and disadvantages of advertising:
- Advantages for consumer
  - Informative value
    - Introduces new products
    - Explains functions of new products

suggested learning experiences

Have student discuss:
- Is the quality of advertising changing? How?
- What are some sources of modern advertising techniques?
- How does advertising benefit the seller, the consumer, and the economy?
- What are some disadvantages of advertising?

Invite qualified people to discuss the psychology of advertising.

Play tapes of radio commercials or tape TV commercials and analyze how each commercial makes an appeal to the consumer. Work with other classes, and local radio and TV stations.

Have students develop typical ads which appeal to specific audiences. Evaluate ads in terms of type of appeal.

Have each student select an appealing advertisement and analyze it by answering such questions as:
- What kind of appeal does it have?
- What does the advertisement tell about the product?

concept 4

Identifies sources of products or services
Identifies products or services available
Compares products (size, price)
Promotional value
Creates product and brand loyalty
Establishes an image for a product
Motivates consumer to buy
Differentiates a product from its competition
Economic value
Stimulates economy by stimulating spending
Disadvantages for consumer
May increase product cost
Informs only as part of the sales technique
May use emotional appeal to promote demand for unnecessary products
May be abused (examples) (3.6 and 5.4)
False bargains
Misleading or deceptive use of information and pricing
False verbal claims and "trade puffs"

4.213 Advertising techniques:
Appeal to emotions
Need to be liked by others
Need to feel safe and secure
Concern for loved ones
Appeal to logic
Need to feel that decisions are informed and rational
Appeal to ego
Need to feel better about oneself
Through conformity
Through nonconformity

4.214 Criteria for evaluation:
Provides accurate information
Provides sufficient information to permit choices
Demonstrates good taste
Is sufficiently realistic
Shows creativity
Does not annoy or irritate
Is appropriate for intended audience

4.215 Consumer precautions:
Patronize stores engaging in good advertising practices
Report fraudulent advertising techniques to stores and/or agency concerned with regulation
Evaluate emotional impact on perception of need
Understand intent of advertising and relate to purchasing decisions (4.1)

Is the information adequate?
Is the ad in good taste?
Is the ad factual?
Does the ad appeal to a specific audience?

Discuss some specific abuses of advertising. Find examples and have students look at the ads they have analyzed again and mark informative facts in red. Attention-getting devices and trade puffs should be marked in another color. Discuss results and place ads on bulletin board.

Work in groups to develop a checklist for evaluating ads. Have groups evaluate ads on the bulletin board, rewriting several of the poorer ones in order to improve them.

Discuss the consumer's role and government's role in achieving higher standards of advertising.

Have students with legitimate complaints or compliments about specific ads write to the proper authorities (manufacturer, Federal Trade Commission, local television station, network television, local store, local newspaper).

concept 4

purchase of goods and services

4.3 Guidelines for Shoppers

program goals

4.31 Every high school graduate will know how to use wise shopping and buying procedures.

performance indicators

4.311 *List the kinds of information a shopping plan should include.*

4.312 *Identify techniques for assuring that "sale" purchases are really bargains.*

4.313 *Predict the effect of emotional moods on purchasing decisions.*

4.314 *Identify a best buy using price-quality comparisons.*

4.315 Point out important facts that should be checked in all warranties and guarantees at time of purchase.

4.316 *List at least four sources of information about a given product or service.*

suggested evaluation techniques

Short answer question

Demonstration—simulated or actual

Objective question

Problem on objective test

Objective question

Short answer question

taxonomy (Program Content)

4.311 Save through planning purchases:
- Distinguish between immediate and long-range needs
- Use shopping list for immediate needs
  - Include sizes and amounts
  - Specify brands preferred and price limits
- Organize list by store locations and layouts
- Shop for long-range needs
  - Locate items needed
  - Check store policies or sales
  - Watch for sale announcements

4.312 Precautions for bargain purchasing:
- Examine merchandise carefully as sale items are usually not returnable
- Consider possible costs for upkeep and repair
- Include expense involved in shopping, such as babysitter, parking, transportation, to sale prices

suggested learning experiences

Discuss the advantages of planning ahead before shopping. Have students make and use shopping list and report any improvements in spending patterns.

Have students examine merchandise on sale and try to determine the reasons it is on sale.
- Is it outdated?
- Is it soiled?
- Is it of poor quality?

Have groups or individual students report findings to class. Check the quantity and price of goods available on the first and the last day of a sale and discuss some factors to watch for when shopping sales and make a list of "Tips to Shoppers."

Review ads in newspapers and list terms used in sales promotion. Discuss "real" meanings and implications.

concept 4

Check guarantees and services (4.314)
Check the original price of sale items
Shop the first day of sale to insure greatest selection of merchandise
Shop the last day of sale to find items reduced for quick sale
Understand marketing terms
"Sale" means offering goods at a price, not necessarily at a reduced price
"Clearance" means a desire to sell all merchandise listed, but not necessarily at reduced prices
"Liquidate" means to turn into cash, but not necessarily to sell at lower price

4.313 Avoid impulse buying:
Make only planned for purchases
Be conscious of emotional moods when shopping; avoid shopping during
Periods of stress
End of crisis
Personal loneliness

4.314 Check price-quality relationships:
Check unit prices to make price-quantity comparisons

Use formula for making difficult price-quality comparisons

$$\text{Price} \Big/ \text{Quality rating based on 100 points}$$

Example: Item 1 Price \$10 / Points–85 = 8.5

Item 2 Price \$12 / Points–80 = 6.6

Item 3 Price \$15 / Points–90 = 6.0

Know value of pricing statements used by retailers
Statements of little value
"Manufacturer's list price"
"Suggested retail price"
"Comparable value"
Suspicious statements
"Price \$25, worth \$40"
Generally trustworthy statements
"Our regular price is . . ."
"Similar merchandise has sold in our store for . . ."

Have each student make a study of his own impulse buying habits and report them to the class. Hold a symposium, including resource people from the community, to discuss:

What effect do such factors as color and attractive display have on buying practices?

What might be some effects of emotional mood on purchasing?

What suggestions can be made for improving buying habits?

Discuss some difficulties encountered when trying to determine a real bargain. Include a discussion of pricing phrases often used in retail stores and discuss price as an indicator of quality.

Have practice using the formula for making price-quality comparisons.

Have students make cost, quality, and quantity comparisons. For example, evaluate different brands of mixed nuts, or in cooperation with homemaking students, compare pizzas from a grocery store (fresh or frozen) with those made from scratch at home and those purchased at pizza parlor. Discuss methods of figuring the unit cost of each item.

Discuss a recent court ruling that: "Ordinarily the word 'guarantee' or 'warranty' is incomplete unless it is used in connection with other explanatory words. To say a product is guaranteed is meaningless. What is the guarantee? The answer to this question is all that gives meaning to the word 'guaranteed.' " Have pupils bring in examples of warranties or guarantees. Check for the following in each:

Does it guarantee the whole product or just part of it? What part or parts?

Does it guarantee what it will do? What is it made of? How long it will last?

How long does the guarantee last?

How will the guarantor perform?

Does the guarantor replace or refund in case of defects or failures?

Discuss guarantees on a prorated basis. Show what part of the replacement cost the consumer must bear for each time interval of use.

Discuss the following questions:

If a guarantee reads, "satisfaction or your money back," what responsibility does the consumer have?

Should he return the purchased item simply because he has changed his mind?

On what types of purchases are guarantees most important?

(continued)

concept 4

taxonomy (Program Content)

(continued)

4.315 Check guarantees and warranties:
- Kinds
  - Extended, with service contracts
  - Satisfaction or money back
  - Lifetime
  - Guaranteed savings
  - Prorated adjustment arrangements
- At purchase time be sure you know
  - Provisions
    - Period of protection
    - Extent of coverage
    - Exceptions and conditions (e.g., whether repairs or installation must be done by an authorized agent; whether the warranty will be effective if the consumer moves)
    - Location and responsibility of repair or replacement service
    - Amount of protection offered (e.g., whether adjustment is based on market price or prorated on the manufacturer's "list" or "sale price")

4.316 Use sources of consumer information:
- Publications
  - *Consumer Bulletin*
  - *Consumer Report* and "Buying Guide" issues
  - *Good Housekeeping*
  - *Parents Magazine*
  - *Changing Times*
  - Government bulletins
  - Newspaper articles
- Informative labels
  - Good informative labels should tell:
    - What the item is made of
    - Size and number
    - Care needed
    - Instructions for use
    - Performance information
    - Name and address of manufacturer
  - Brand names
    - Do not necessarily guarantee quality
    - Consumer should shop and compare before accepting brand names as guides to purchasing
  - Grade labeling
  - Salespeople
  - Family and friends
  - Advertising (4.2)

suggested learning experiences

Talk about the "year(s) and mile" service policy on cars. Have pupils collect pamphlets on the warranties of different automobile manufacturers. Compare the costs of various services such as brake overhaul, tune-up, transmission resealing, etc., seldom covered by a warranty.

Have students compare the price of five identical brand-name items in three competitive stores, using comparable units of measure. Discuss the pricing process to determine reasons for similarities or differences.

Assign groups to investigate, evaluate, and report on sources of consumer information. Have groups develop checklists for evaluating the objectivity and usefulness of the source. Discuss factors to consider when seeking information from other consumers.

Have students reporting on *Consumer Bulletin*, *Consumer Reports*, and annuals examine copies of the magazines for specific information about tested products. Groups might decide to test items for the class, using similar procedures.

Have students investigating labeling find out what legal requirements are for certain kinds of merchandise, such as cosmetics, textile products, upholstered furniture. Investigate qualities of a good label.

Have students keep records of information obtained from sales personnel during a week's time. Discuss the accuracy of the information received. They could also interview various salespeople, recording responses to the following incomplete statements:

I dislike waiting on people who:

I enjoy waiting on people who:

Set up a consumer information center with examples of materials from each source.

concept 4

purchase of goods and services

4.4 Retail Outlets and Services

program goals

4.41 Every high school graduate will be able to analyze the factors affecting choice of retail outlets.

4.42 Every high school graduate will know how to shop for services.

performance indicators

4.411 *Point out the type of retail establishment that would provide the best facilities and services for consumers with various shopping needs.*

4.421 *Outline major points to consider in the selection of repair and other types of services.*

suggested evaluation techniques

Objective question

Short answer question

taxonomy (Program Content)

4.411 Factors affecting choice of retail outlets:

- Types
  - Department store
  - Variety store
  - Membership store
  - Chain store
  - Door-to-door salesman
  - Specialty shop
  - Discount store

suggested learning experiences

Discuss types of retail establishments available in the community. Have groups choose types of retail store to investigate. Discuss shopping facilities and services available, such as physical plant, credit and approval privileges, etc. Where possible, have each group shop for the same item. Use a checklist to report findings. As students visit a store, they might obtain preliminary information for their own buying study.

Have one group investigate mail order buying and discuss the following questions:

concept 4

Supermarket
Mail order catalog
Characteristics which affect choice
Location
Layout
Atmosphere
Services and policies
Cash and carry
Charge accounts
Installment purchasing
Check cashing
Parking
Gift wrapping and mailing
Mail or phone orders
Delivery
Extra shopping hours
Lounges, restrooms, nurseries
In-store restaurant and post office
Strollers, wheel chairs, umbrellas
Return and exchange privileges
Layaways
Fashion shows and informal modeling
Expert advice
Decorator
Wig stylist
Bridal registry

4.421 Factors affecting choice of services:
Repair services
Location, business hours
Speed of service
Guarantees and warranties
References
Written estimates
Professional services
Qualifications, licensing
Fees and billing procedure
Office hours and location
Financial services (2.2, 2.3, 2.4, 2.5)
Personal services
References
Details of job arrangements
Hourly or job rate
Credit arrangements

What are some advantages and disadvantages?

How do catalog prices compare with prices in retail stores?

If different, why?

Are mail order items as described in the catalog?

Can information be found on wearing, caring and use of items in a catalog?

Is this information as readily available in a place of business?

Use transparency or chart to show typical layouts of different types of stores. Discuss how store layouts affect shopping.
Convenience or inconvenience
Affect on impulse buying

Ask students to describe problems with buying various kinds of services, based on personal or family experiences. Role play some of the situations to determine ways to avoid similar difficulties and how to handle unavoidable problems.

Devise guidelines for buying "services" and develop a chart illustrating these guidelines.

Have a panel of representatives of different service areas discuss ways consumers could help those providing services to be more efficient.

List those repair, professional, and financial services which require city or state licenses. Discuss reasons for requiring licenses.

concept 5

rights and
responsibilities
in the marketplace

concept 5

rights and responsibilities in the marketplace

5.1 The Role of the Consumer in the Economy

program goals

5.11 Every high school graduate will understand how in this country's economic system the consumer affects and is affected by the total economy.

performance indicators

5.111 Explain the major purposes of an economic system.

5.112 Predict problems that might occur due to breakdown in the circular flow of money in a free enterprise system.

Outline the vital role of the consumer in our economy.

5.113 Identify the conditions which must be met for a consumer-directed economy to exist.

suggested evaluation techniques

Essay question

Objective question

Short answer question

Objective question
Short answer question

taxonomy (Program Content)

5.111 Purposes and types of economic systems:

- An economic system determines
  - What—the nature and quantity of goods and services produced
  - How—methods of production; use of labor, raw materials, technology
  - For whom—methods of distributing goods and services among individuals and families
- Types of economic systems

suggested learning experiences

Develop a cartoon transparency showing the purpose of an economy.

Divide class into three groups representing the major types of economies, and discuss how the structure of each economic system affects the quantity, quality and variety of goods and services available to consumers (*Economics*, Paul A. Samuelson).

Have students discuss in total group:

- How adequately each economy could meet consumer needs and wants

concept 5

Command
Demand
Mixed

5.112 Our mixed economy:

Consumer demand generally determines the prices of goods and services, and prices determine *what* and *how much* is produced, however:

Promotion often determines consumer demand

Scarcity of resources may limit the supply of some goods or services

Governments, as major consumers of goods and services, can manipulate production and prices

Most businesses are privately owned and compete for profits (individuals compete for wages). Because efficient use of resources becomes essential, in a competitive price system determines *how* goods and services are produced, however:

Governments modify private initiative

Monopolies undermine the competitive system

Distribution of income is determined by competitive bidding for wages, return on investments, royalties, etc., however:

Governments modify income distribution through tax policies and sometimes through direct controls.

There is a circular flow of money in a competitive price system—consumer purchase provide the money that is returned to consumers in the form of wages, rents, royalties, or dividends.

No economic system runs smoothly at all times.

Consumers can consciously affect the American economy, particularly with respect to wages, prices, supply and demand, inflation, recession, profits and competition (5.211)

Consumer, business, labor and government points of view must all be considered in order to arrive at an objective stand on present economic issues and problems.

5.113 Conditions necessary for a consumer directed economy:

Competition

Reasonable distribution of income

Public sector that provides services

Informed consumers who know their rights and responsibilities within the economic system

The advantages and disadvantages of each type of economy

Which countries used each system

Are most economic systems a mixture of all three?

Illustrate the circular flow of money in a free enterprise economy with a transparency showing the influence of taxes, savings, and investments and spending.

Have students discuss how economic difficulties begin:

Have class trace through breakdowns in the cycle discussing the problems of inflation and recessions.

Follow with a discussion on:

How the consumer is affected by economic ups and downs

How the consumer can protect himself

What is the consumer's role in protecting economic balance?

What is the government's role in protecting economic balance?

Discuss examples of public and private monopolies and their effect on our free enterprise system.

Have students discuss how do the spending habits of teenagers affect the economy?

Have class explore and discuss such concepts as private property, the profit motive, competition, prices and limited government control. How do these things affect individuals? Businesses and government?

Divide class into four groups representing:

Consumers

Businesses

Labor

Government

Have each group present and defend its viewpoint on current economic issues. Use newspaper and magazine articles to suggest problem areas.

Discuss the difference between a consumption-directed and a consumer-directed economy.

Discuss the four conditions which must be present for a consumer directed economy to exist and why each is necessary.

concept 5

rights and responsibilities in the marketplace

5.2 Rights and Responsibilities of Consumers and Sellers

program goals

5.21 Every high school graduate will understand the rights and responsibilities of both buyer and seller in the marketplace.

performance indicators

5.211 List four major kinds of consumer rights.

Identify situations which are the result of consumers' failure to exercise their responsibilities.

Identify practices of a responsible consumer.

Summarize a reasonable procedure for reporting legitimate problems to the proper authorities.

5.212 *Summarize the sellers' rights and responsibilities in given business transactions.*

suggested evaluation techniques

Short answer question

Essay question

Checklist
Rating scale

Essay question

Essay question

taxonomy (Program Content)

5.211 Responsibilities of consumers:
- Related to the right to choose
  - Develop sound buying habits (4.3)
  - Insist upon quality products
  - Encourage fair treatment by dealing honestly and fairly with all business establishments
  - Refuse products that waste resources or damage the environment
  - Insist upon governmental control of monopolies and price fixing

suggested learning experiences

Entitle a bulletin board "How Does Your Economy Grow." Draw a large tree with:
- Trunk representing the U.S. economy
- Branches representing the four consumer rights
- Leaves representing responsibilities growing from each right

Discuss what would happen if the leaves all fell from the tree. Discuss how buyer and seller can work together to nourish the tree.

Have members of a creative writing or drama class compose and

concept 5

Related to the right to be informed (4.113)

- Become familiar with sources of information on goods and services (4.316)
- Understand warranties and guarantees (4.315)
- Understand performance claims
- Read and assimilate use and care instructions before buying
- Analyze advertisements and recent product developments (4.2)
- Insist upon effective enforcement of consumer protection and food and drug laws, including prompt and full disclosure of government research information

Related to the right to safety (5.4)

- Examine product safety ratings and care instructions
- Inform federal, state, and local consumer agencies of dangerous or unsafe performances (5.3)

Related to the right to be heard

- Understand the consumer's role in the U.S. economy (5.1)
- Suggest consumer legislation to Congressmen (5.5)
- Report wants, likes, and dislikes and suggest product improvements to dealers and manufacturers
- Inform seller or manufacturer of unsatisfactory merchandise
- Inform governmental, professional, or trade associations of unsatisfactory goods and services (5.4)

5.212 Responsibilities of sellers:

Related to the right to profit

- Make the most efficient use of labor and resources
- Insist upon governmental control of monopolies and price fixing
- Provide maximum value in goods and services per dollar cost
- Refuse to be wasteful of natural resources or to pollute the environment

Related to the right to be informed

- Interpret changing consumer wants and needs
- Inform consumers of any current unsafe product or its uses

Related to the right to fair treatment from consumers

- Respect customers
- Resolve reasonable consumer dissatisfactions with speed and efficiency
- Explain to consumer those situations where complete satisfaction can't be provided

tape problem situations that might arise between buyer and seller, or have students in the consumer class do a skit about customers at complaint window. Have class members discuss the problems enacted and determine whether consumer or businessman failed to understand his rights or accept his responsibilities.

Hold a letter writing session and have students write compliments as well as complaints to businessmen, congressmen, and manufacturers. Pin a copy of each letter to a bulletin board and match answering letters as they are received.

Have each student prepare a set of principles to follow as a consumer citizen. Compare results.

concept 5

rights and responsibilities in the marketplace

5.3 Fraudulent and Deceptive Practices

program goals

5.31 Every high school graduate will be able to recognize fraudulent and deceptive practices in the marketplace.

5.32 Every high school graduate will know how to protect himself against fraud and deception.

performance indicators

5.311 *Identify specific fradulent or deceptive trade practices in case studies.*

5.321 Identify warning signals which often indicate fraudulent or deceptive sales techniques.

Describe appropriate procedures for satisfactory resolution of complaints about fraudulent or deceptive practices.

Identify at least five safeguards against fraudulent or deceptive practices.

suggested evaluation techniques

Objective questions

Short answer question
Objective question

Short answer question
Objective question

Objective question

taxonomy (Program Content)

5.311 Significant types of fraudulent practices (5.513):

Bait and switch

An insincere offer by a merchant who "baits" buyer into store with offer of bargain, then "switches" customer's interest to a product with higher profit.

Should not be confused with honest technique of "trading up" (showing features of an entire line).

Referral sales

suggested learning experiences

Have students check the newspapers for reports of consumer fraud or quackery and bring their clippings to class. Organize the clippings under headings to use as a bulletin board display. Headings might be:

Short-changing
Short weight
Repair swindles
Deceptive packaging

concept 5

Seller promises a money rebate or discount if buyer provides names of potential buyers or other assistance. Such promises are illegal if:

Payment is not made as promised

Payment depends upon a sale, presentation, or other event subsequent to the time of the buyer's purchase.

Fake sales

Products are advertised as sale items when their prices have not been reduced.

Lo-balling

Common practice in repair businesses offering unusually low-priced service.

Item to be repaired is dismantled for one type of repair but additional repair needs are "discovered." The consumer is offered a special rate for additional repair service and if he refuses the service, additional charges are made for reassembly.

A lien may be put on merchandise to assure payment for services.

Pyramid (multi-level sales)

Promotion promises big money, fast, and often with little effort.

Promoters use a sophisticated version of the old chain letter device emphasizing profits from sale of distribution rights, rather than a product.

Market saturation occurs quickly.

Chance of making money or even recouping investment is minimal.

Pigeon drop

Acquiring money from consumers under false pretenses.

Often used on elderly in connection with banking services.

Fraudulent inspectors and representatives

Odometer turn back

False advertising

Health quackery

Home improvement swindles

5.312 Methods of protecting consumers against fraud and deception:

Identify deceptive practices. Warning signals include claims which imply that

Something can be obtained free

The consumer or his home has been especially selected

High earnings can be made with no experience

An advertising survey is being made

The consumer must decide immediately or lose the

Charity gyps

Health quackery

Home improvement swindles

Mail frauds

Get-rich-quick schemes

Form committees to research the frauds most prevalent in the community and to determine:

What agencies might one turn to in case of fraud?

Are there laws against such deceptive practices?

What are they? (5.5)

Discuss ways of identifying fraudulent and deceptive schemes. Prepare, as a class, a guide for self-protection. Plan some way to share this guide with others.

Read or role play specific cases of people who have been defrauded and decide what legal recourse the consumer had in each case.

Discuss case studies or examples of deception that students or their families have experienced.

Interview merchants to determine the best course of action for a consumer with defective merchandise.

Ask about problems related to consumer misuse of right of the recourse. Discuss:

How does this affect the price of goods?

What can be done to prevent it?

Review consumer complaint forms supplied by various businesses and regulating agencies. Discuss common questions asked by all.

Visit a small claims court or review the literature to determine:

What kind of action is commonly taken?

What effect has increasing the maximum award to $500 had on consumer problems?

(continued)

concept 5

taxonomy (Program Content)

5.312 (continued)

- opportunity offered
- Use safeguards when buying. Guidelines for consumers
  - Shop at several stores
  - Avoid impulse purchases or buying when pressure techniques are involved
  - Read and understand all contracts before signing
  - Check the total cost of an item, including delivery charges and finance fees
  - Ask for references from salesman if they do not represent an established business
  - Patronize businesses having a reputation for fair dealings
  - Check the validity of certifications and endorsements
- Understand guarantees and warantees before buying
- Use of correct procedures in resolving complaints
  - Know how and to whom to complain
    - Be sure complaint is heard by the person or company selling the product *first*.
    - Be specific as to the nature of a complaint
    - Provide evidence of product default
    - Use a firm approach in registering a complaint
    - Indicate type of adjustment requested
  - Know when and where to seek further recourse
    - File a claim with the appropriate governmental agency (5.4)
    - Seek legal recourse when deemed advisable
    - Use the small claims court
    - File individual suit
      - For violations of Oregon Consumer Protection Act, buyer may be awarded:
        - Attorney fees and costs
        - Minimum damages of $200
        - Punitive damages
    - File a class action
      - Present Oregon law severely restricts this remedy

suggested learning experiences

concept 5

rights and responsibilities in the marketplace

	program goals	performance indicators	suggested evaluation techniques
5.4 Sources of Consumer Assistance	**5.41 Every high school graduate will understand the functions and services of various agencies providing assistance to consumers.**	**5.411** *Match the names of national or state agencies with the activities or commodities they are responsible for regulating.*	Matching question
		5.412 *Summarize the functions and services of at least two nongovernmental agencies concerned with consumer protection.*	Essay question

taxonomy (Program Content)

5.411 Selected governmental agencies:
- Federal
  - Office for Consumer Affairs
    - Investigates complaints
    - Refers complaints to appropriate agencies or businesses

suggested learning experiences

Conduct a class debate dealing with the question of what consumer protection should be provided by the government and what responsibilities should be left to the consumer.

Prepare a poster or transparency showing the various government and nongovernment agencies available to assist consumers.

concept 5

Lobbies for needed legislation

Food and Drug Administration

Enforces laws to protect the consumer in marketing of foods, drugs, cosmetics, health appliances and potentially hazardous products

Handles consumer complaints about impurities

Federal Trade Commission

Seeks to prevent false and misleading advertising

Seeks to prevent deceptive packaging and labeling of consumer products

Seeks to prevent price-fixing and other unfair business practices

Consumer and Marketing Service

Inspects meat, poultry, and their products to insure wholesomeness and truthful labeling

Develops official grade standards and provides grading services

Provides for food assistance programs to needy

Federal Extension Services

Publishes materials and conducts workshops on consumer education

National Bureau of Standards

Sets standards for consumer goods and industrial materials

Promotes development of uniform weights and measures laws

Bureau of Postal Inspection

Investigates misuses of the mails and warns against mail frauds

Protects consumers from illegal materials sent through the mail

State and local

Consumer Protection Division, Attorney General's Office (Department of Justice)

Established by 1971 Legislature

Investigates consumer complaints involving violations of Oregon's Consumer Protection Act

Initiates appropriate legal action on behalf of the State of Oregon and the individual concerned

Has statewide jurisdiction in matters involving deceptive trade practices

Consumer Services Division (Department of Commerce)

Established by 1971 Legislature as focal point of consumerism in Oregon

Coordinates consumer protection services through a single state agency

Furthers consumer education

Have class investigate the regulations regarding food, including procedures for filing complaints. Discuss the importance of immediate action in instances involving unsafe food supplies.

Review materials from the Oregon State Department of Agriculture to determine what types of regulations have been passed recently to protect the consumer.

Visit stores to determine what procedures have been used to comply with regulations on such matters as bacon packaging, weights on cottage cheese cartons, and fat content disclosure of ground meats. List other consumer needs regarding foods which might need to be regulated.

Investigate how to report complaints to the Consumer Services Division. Review case studies to determine whether or not they reveal legitimate complaints.

List types of complaints which ought to be referred to the Consumer Protection Division. Using case studies, practice writing letters issuing complaints and including all the pertinent information necessary for investigations to be made.

Discuss the importance of consumer reliability and accuracy in making complaints and the effect on use of tax monies if complaints are not adequately reported or are misleading.

Have students research and report on a private agency which benefits the consumer, or invite a Better Business Bureau official to describe how the organization deals with deceptive advertising, fly-by-night schemes, unfair treatment of customers, and unauthorized door-to-door salesmen. Follow up with a role-playing situation in which the students seek and receive help from the bureau.

Invite representatives of state or local consumer groups, such as Oregon Consumer League, to discuss the purposes and current projects of their organization.

Discuss the purposes of Legal Aid Societies and investigate the guidelines that determine eligibility for use of these services.

(continued)

concept 5

taxonomy (Program Content)

(continued)

- Conducts studies and research
- Handles complaints
- Keeps Governor and Legislature informed of consumer matters

Department of Agriculture

- Inspects and analyzes foods to assure safety, purity, and wholesomeness
- Regulates the addition of chemicals to foods and regulates pesticide residue in food
- Seeks to assure honest and informative leveling, packaging, and advertising of foods
- Develops and promulgates standards and criteria for agricultural commodities
- Promotes honest measurement on all goods sold to the consumer by weight, measure, volume, or content

County District Attorney or Consumer Protection Division, if available

Oregon State University and county extension offices

5.412 Selected nongovernmental agencies:

National

American Council on Consumer Interests

- Publishes monthly newsletter giving information about consumer informational publications, legislation affecting consumer and governmental action against fraudulent practices and research
- Publishes informational pamphlets and conducts consumer education workshops

Better Business Bureau

- Registers consumer complaints, but has no legal authority
- Assists in self-regulation of business
- Provides consumer information materials

Major Appliance Consumer Action Panel (MACAP)

- Consists of representatives of the home appliance industry, including the Association of Home Appliance Manufacturers, The Gas Appliance Manufacturers Association, and the American Retail Federation
- Provides assistance to resolve and minimize consumer problems related to home appliances

Consumers Union of U.S., Inc.

suggested learning experiences

Tests quality of products

Gives consumers advice and counsel of tested products in a publication, *Consumer Reports*, and other brochures

Consumers' Research, Inc.

Provides a scientific technical and education service to consumer through testing and research

Publishes *Consumer Bulletin* which provides test ratings for quality and performance on popular products

Consumers Federation of America

Promotes consumer protection through legislation

Serves as a liaison with state affiliates in promoting consumer participation and action

Council for Family Financial Education

Publishes consumer education materials

Promotes consumer education workshops

Joint Council for Economic Education

Promotes economic aspects of education through materials development, research, and teaching training programs

State and local

Oregon Consumer League and affiliates

Promote consumer legislation, research, and education

Publish *OCL Newsletter* for membership

Refer consumer complaints and inquiries

Provide speakers to organizations and schools

Oregon Student Public Interest Group (OSPIRG)

Promotes research and involvement of students in current topics of consumer interest

Other

State Bar Association

Legal Aid Societies

concept 5

rights and responsibilities in the marketplace

	program goals	performance indicators	suggested evaluation techniques
5.5 Consumer Legislation	**5.51 Every high school graduate will recognize the significance of laws enacted to protect consumer rights.**	5.511 Summarize the major factors which influence the development of consumer legislation.	Short answer question
		5.512 *Relate provisions of at least three federal laws to the act which protects the consumer.*	Matching question
		5.513 *Describe at least three major provisions of the Oregon Consumer Protection Act of 1971.*	Essay question Objective question

concept 5

taxonomy (Program Content)

5.511 Development of legislation

Historical background

In recent history major breakthroughs in government efforts to protect consumers were the result of

Exposure of a public health hazard

Wide coverage by the press

Favorable political climate

Political hazards

Conflict between special interest groups

Conflict between governmental agencies

Ability of powerful interest groups to influence votes

5.512 Significant federal consumer protection legislation

1872—*Mail Fraud Act of 1872*

Makes it a federal crime to defraud through use of the mail

1914—*Federal Trade Commission Act*

Sets up the Federal Trade Commission which among other responsibilities is concerned with "unfair methods of competition" such as deceptive advertising

1938—*Federal Food, Drug, and Cosmetic Act of 1938*

Strengthens the Food and Drug Act of 1906 by extending coverage to cosmetics and devices

Requires predistribution clearance of safety on new drugs

Provides for tolerance for unavoidable or required poisonous substances

Authorizes standards of identity, quality, and fill for containers of foods

1939—*Wool Products Labeling Act*

Provides for proper labeling of the kind and percentages of each type of wool

1953—*Flammable Fabrics Act*

Prohibits the shipment in interstate commerce of any wearing apparel or material which could be ignited easily

1962—*Kefauver-Harris Drug Amendments*

Requires drug manufacturers to file all new drugs with FDA

Requires pretesting of drugs for safety and efficacy

Requires labeling of all drugs by generic name

1965—*Fair Packaging and Labeling Act* ("Truth in Packaging")

suggested learning experiences

Discuss the historical background of the consumer movement. Use references, such as *The Jungle*, and *The Politics of Consumer Protection*, as basis for discussion. Discuss the effect on the type and amount of government legislation.

Display newspaper clippings regarding both projected new legislation and newly enacted legislation. Have students discuss types of legislation which might be considered at a later date and the possible reaction of various special interest groups to such legislation.

Have students investigate how consumers are protected against the sale of goods and services that might endanger life or health. Answer questions:

Which safety measures seem adequate?

What further legislation seems necessary?

How might additional legislation be accomplished?

Divide class into groups to investigate and report on specific legislation, including measures for enforcement.

Divide class into committees, each to research a particular type of hazardous consumer product. Have committees explore safeguards on each item and report findings to class. Make list of products which are covered by legislation.

Invite a representative of a federal agency which enforces a consumer protection law to speak to the class. Include discussion on:

The responsibilities of consumers in protecting their rights

What are the problems in enforcement of laws?

What are the functions and limitations of his agency?

Invite a local consumer protection representative, such as the district attorney or other attorney, to discuss how consumer is protected by legislation.

Investigate various case studies to determine whether violations of the law exist. See Case Study No. 1 provided in this guide.

(continued)

concept 5

taxonomy (Program Content)

Regulates the packaging and labeling of consumer goods
Provides that voluntary uniform packaging standards be established by industry

1966–*National Traffic and Motor Vehicle Safety Act*
Authorizes the Department of Transportation to establish compulsory safety standards for new and used tires and automobiles

1966–*Child Safety Act*
Strengthens the Hazardous Substances Labeling Act of 1960
Prevents the marketing of potentially harmful toys
Permits the FDA to remove inherently dangerous products from the market

1966–*Cigarette Labeling Act*
Requires cigarette manufacturers to label cigarettes "Caution: cigarette smoking may be hazardous to your health."

1968–*Consumer Credit Protecting Act* ("Truth in Lending")
Requires full disclosure of annual interest rates and other finance charges on consumer loans and credit transactions

1969–*Child Protection and Toy Safety Act of 1969*
Amends Federal Hazardous Substances Act to protect children from toys and other articles intended for use by children, which are hazardous due to the presence of electrical, mechanical, or thermal hazards

1970–*Fair Credit Reporting Act*
Regulates credit information reporting and use

1972–*Care Labeling Act*
Requires that certain articles of wearing apparel be permanently labeled with laundering and dry cleaning care instruction

5.513 Significant state consumer protection legislation

1965–*Oregon Consumer Protection Act*
Protects consumers from "fast buck" salesmen who phone or call at door

1971–*Consumer Protection Act* (HB 3037 now Chapter 744, Oregon Laws, 1971)
Defines "consumer paper"
Alters the Holder in Due Course Policy to make lending institutions liable on retail installment contracts up to the amount owing on the contract

suggested learning experiences

Have students write case studies regarding practices which have questionable legality. Discuss what the consumer might do in each instance.

Have students identify ways in which consumers can accept responsibility in regard to legislation and unfair business practices.

List various licensing requirements according to types of services and discuss how these protect the consumer.

Have class compare licensing regulations of the state to current standards. Students may research regulations pertaining to an occupation of their choice and report to class on such items as:

Licensing fee
Inspection and/or examination requirements
Training and/or experience requirements
Bonding requirement if applicable

concept 5

Changes the deficiency judgment policy in two ways

If amount owing at time of default is less than $700, seller may not obtain a deficiency judgment if he voluntarily repossesses

If amount owing at time of default is $700 or more

Seller must bring default action within 90 days of repossession

Seller must credit the fair market value of the item at the time of repossession

Gives a buyer the right to cancel home solicitation sales up to three days after purchase (does not apply to cash or check purchases in amount of $50 or less).

Prohibits misrepresentations or deception in consumer transactions by defining seventeen unlawful trade practices, including

Representing that goods and services have sponsorship, approval, characteristics, ingredients, uses, benefits or qualities that they do not have, or that a person has a sponsorship, approval, status, qualification, affiliation, or connection that he does not have

"Bait and switch" advertising

Other false advertising concerning prices or quantities

Misrepresentations about the availability of credit or the nature of the transaction or obligation incurred

Servicing or dismantling appliances, machinery, or a mechanical device at a residence when not authorized by the owner

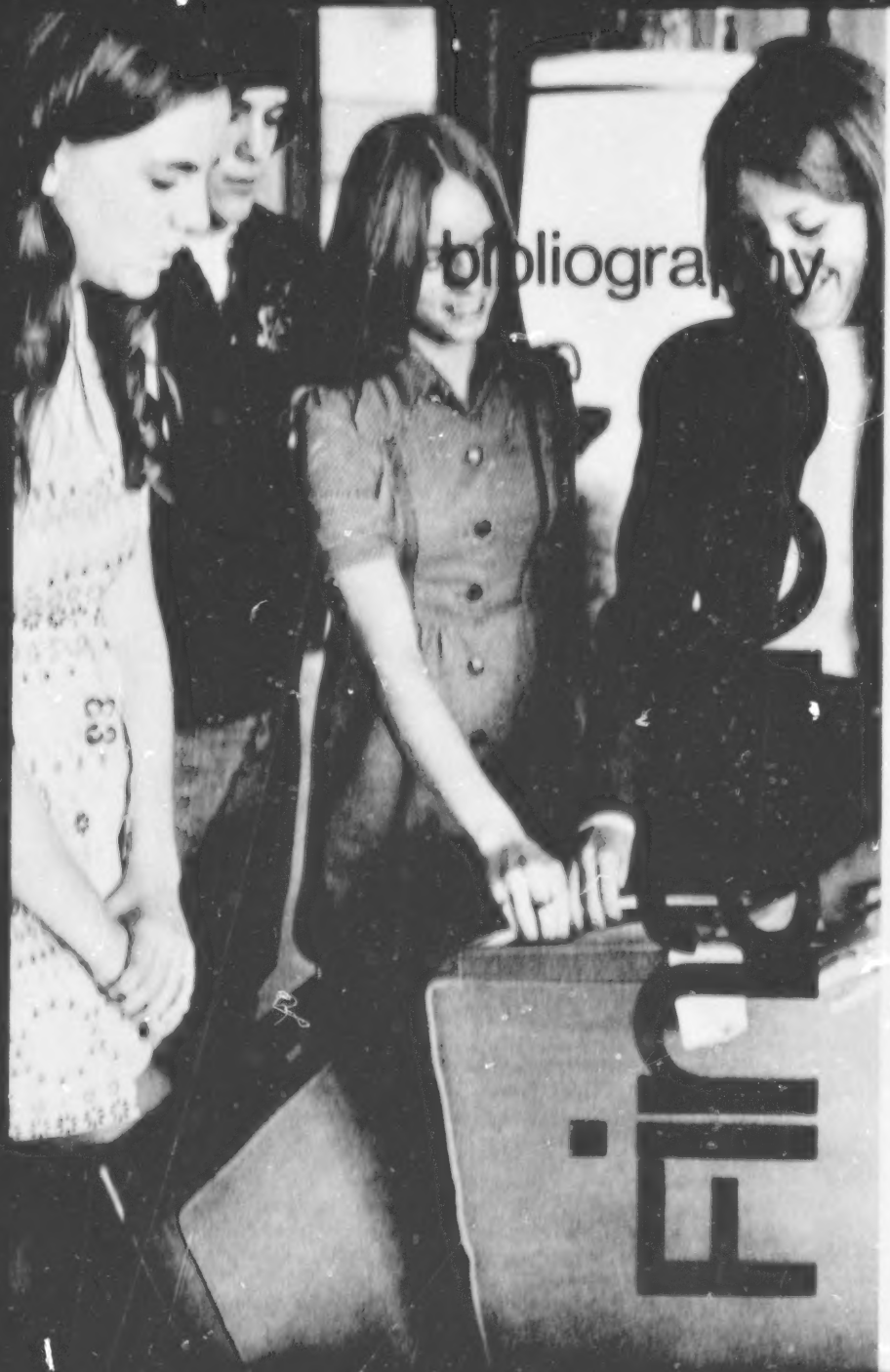
Failure of telephone or door-to-door solicitor to identify himself or state the purpose of the contact within 30 seconds

Certain aspects of referral sales (5.311)

Promising to deliver goods or services within a certain period of time with intent not to deliver them as promised

Licensing regulations

Require licensing (and in some instances bonding) of specified dealers, agencies, companies and repair and service persons, such as: motor vehicle dealers, pawnbrokers, home builders, small loan companies, employment agencies, credit unions, radio and television repairmen, collection agencies, insurance companies, and home improvement agencies.



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